UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report: _____

Commission file number 001-31317

Companhia de Saneamento Básico do Estado de São Paulo-SABESP

(Exact name of Registrant as specified in its charter)

Basic Sanitation Company of the State of São Paulo-SABESP
(Translation of the Registrant's name into English)

Federative Republic of Brazil
(Jurisdiction of incorporation or organization)

Rua Costa Carvalho, 300
05429-900 São Paulo, SP, Brazil
(Address of principal executive offices)

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Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols(s)	Name of each exchange on which registered
Common Shares, without par value	Not traded	New York Stock Exchange*
American Depositary Shares, evidenced by American Depositary Receipts, each representing one Common Share	SBS	New York Stock Exchange

Shares are not listed for trading, but only in connection with the registration of American Depositary Receipts pursuant to the requirements of the New York Stock Exchange.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

683,509,868 Shares of Common Stock
1 Share of Preferred Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒	Accelerated Filer ☐
Non-accelerated Filer ☐	Emerging Growth Company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the

Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐	International Financial Reporting Standards as issued by the International Accounting Standards Board ☒	Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

We maintain our books and records in *reais*. We prepare our consolidated financial statements ("Consolidated Financial Statements") in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Our audited consolidated financial statements as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 ("2024 Consolidated Financial Statements") are included in this annual report on Form 20-F.

The financial statements of subsidiaries are included in the consolidated financial statements from the date we obtain control until the date when such control ceases to exist. All financial information for the years ended December 31, 2024 and 2023 were prepared on a consolidated basis, while all financial information for the year ended December 31, 2022 was prepared on an individual basis because we had no subsidiaries to consolidate in that year.

Certain figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Privatization

On December 8, 2023, the State of São Paulo enacted State Law No. 17,853/2023, providing the authorization for our proposed privatization and its general guidelines. This law authorized the State of São Paulo to reduce or dilute its controlling interest in us through a sale of its common shares through an auction or secondary offering on the relevant stock exchanges within and outside of Brazil or via a primary public offering of our common shares within and outside of Brazil. In addition to authorizing our privatization, the law also brought forward the target for providing drinking water to 99% of the population and sewage collection and treatment for 90% of the population (the "Universalization Target") for the state of São Paulo from 2033 to 2029.

On July 22, 2024, the State of São Paulo closed a secondary offering of 220,470,000 of our common shares (including common shares represented by ADRs), effectively reducing their interest in us from 50.26% to 18.00% and completing our privatization process (the "Privatization").

As part of this process, the State of São Paulo conducted a public competitive process pursuant to which it sold 15% of our total share capital through a priority offering to a "reference investor". The finalist reference investor was Equatorial Energia S.A. (the "Reference Investor").

On July 18, 2024, the State of São Paulo and the Reference Investor entered into an investment agreement substantially upon the terms set out in the Form 6-K furnished to the SEC on July 1, 2024 (the "Investment Agreement"). The Investment Agreement provides certain specific rights and obligations for the State of São Paulo and the Reference Investor and is valid until January 1, 2035. We highlight the following:

- **Lock-up**: The State of São Paulo and the Reference Investor agreed not to transfer, for any reason, in whole or in part, or encumber any shares or rights conferred on their shares or any securities convertible into shares until December 31, 2029 (the "Lock-up Period"). After the Lock-up Period, the State of São Paulo is still restricted from transferring any of its shares to any entity that operates in the same business as us.
- **Board of Directors**: The State of São Paulo and the Reference Investor appoint the nine members of the Board of Directors, for a unified term of two years, from a slate consisting of (i) three members appointed by the Reference Investor; (ii) three independent directors appointed jointly by the State of São Paulo and the Reference Investor, pursuant to B3 *Novo Mercado* Listing Regulation; and (iii) three members appointed by the State of São Paulo. The Reference Investor has the right to appoint the chairman of the Board of Directors, and the State of São Paulo must ensure that the three independent directors appointed jointly by the State of São Paulo and the Reference Investor vote in favor at the election of the chairman of the Board of Directors appointed by the Reference Investor. In respect of our board of executive officers, the State of São Paulo agreed not to appoint and to ensure that its Binding Directors (as defined below) do not appoint any member for the role of Chief Executive Officer.
- **Binding Vote**: The State of São Paulo, the Reference Investor and the directors they nominate who are not independent directors (the "Binding Directors") will exercise their voting rights in a binding manner at our General Shareholders' Meeting and at any meeting of our Board of Directors related to the election of directors and "Matters Subject to Consensus," mainly: (i) amendments to our bylaws, involving changes to our corporate purpose, term of duration, changes to the authorized capital, composition, powers and roles of the management bodies, rules related to the public offering due to reaching relevant ownership, and/or limitation of voting rights; (ii) vote on any waiver of the obligation to hold a public offering due to reaching relevant ownership; (iii) transformation, liquidation, dissolution, bankruptcy, judicial or extrajudicial reorganization involving us; (iv) our delisting from the Novo Mercado or cancellation of our registration as a publicly-held company; (v) changes to our related parties policy; (vi) changes to our policy profit allocation and distribution of dividends policy; and (vii) changes to our employees' pension plan.

- **Individual Veto Rights**: The State of São Paulo and the Reference Investor, individually, have the right to veto proposals for business combinations, incorporations, stock mergers, mergers, or any other corporate reorganization or any other form of transfer of assets or liabilities, equity interests, rights or duties that involve, on the one hand, us and our subsidiaries and, on the other hand, the State of São Paulo or the Reference Investor, Equatorial Energia S.A., Equatorial Serviços S.A. and/or their respective affiliates. If the party involved in such transaction with us or our subsidiaries or the State of São Paulo, the Reference Shareholder has a right of veto and if the party involved in the transaction is the Reference Shareholder, the State of São Paulo has a right of veto.
- **Non-compete:** From January 1, 2025, any potential new opportunities involving public utility services for water supply and sewage services in Brazil, except for those in the State of São Paulo (as the Reference Investor is prohibited from entering into any business involving sanitation in the State of São Paulo), in any municipality or group of municipalities that have a combined population of over 50,000 inhabitants, according to the most recent IBGE data, must be carried out or developed exclusively through us.
- **Priority rights over business opportunities**: From January 1, 2025, if the Reference Investor and its controlling entities are interested in developing or participating in initiatives, opportunities, enterprises, investments or equity interests involving public services of (i) water supply, (ii) sanitary sewage in Brazil, except for those in the State of São Paulo, whose investment or business vehicle operates or intends to operate in any municipality or group of municipalities in which the sum of the population comprises more than 50,000 inhabitants, in a public-private partnership, concession or privatization project ("Business Opportunity"), the Reference Investor and its controlling entities may not proceed with such Business Opportunity without first offering us the option to have our Board of Directors evaluate such Business Opportunity.

State Law No. 17,853/2023 also provided that, in case of our Privatization is consummated, our bylaws must be amended to provide for a special class of preferred share, owned exclusively by the State of São Paulo (referred to as a "golden share"), which will grant the State of São Paulo veto power over proposed changes to: (i) our name and headquarters; (ii) our corporate purpose of providing water and sewage services; and (iii) any provisions in our bylaws regarding limits on the exercise of voting rights attributed to shareholders or groups of shareholders. Our shareholders approved these changes to our bylaws conditional upon the consummation of our Privatization at an Extraordinary Shareholders' Meeting held on May 27, 2024. These changes to our bylaws included, among others, an authorized capital provision, the golden share terms and conditions, and, in order to both stimulate the shareholding dispersion and avoid hostile takeover, our bylaws also establishes that, in case one or a group of shareholders acquires 30% or more of our common shares, such shareholder(s), will have to make a tender offer to our other shareholders at a price established in our bylaws that includes a 200% premium (antitakeover provision), subject to certain exceptions. Our antitakeover provision may be dismissed by approval of our shareholders´ meeting. These changes to our bylaws, including the voting limitation described below, became effective on July 22, 2024, the date of our Privatization. For more information, see "Item 3.D. Risk Factors—Risks Relating to Our Privatization—Our Privatization and the changes to our operational structure arising from our Privatization may still be challenged. A court ruling favorably to such challenge could adversely affect our operations and the market price of our common shares and ADSs. The absence of a single controlling shareholder or group of controlling shareholders may impact our ability to efficiently approve certain transactions and could potentially delay critical decision-making processes, which may adversely affect our business and results of operations."

On May 24, 2024, we and URAE-1 signed the Concession Agreement for URAE-1, which came into force on July 23, 2024 following the consummation of our Privatization, and introduced significant changes to the prior economic-regulatory model. For more information, see "Item 4.B. Business Overview—Tariff Readjustments and Reviews—Economic-regulatory model in the draft Concession Agreement for Public Water Supply and Sanitation Services for the URAE-1 Southeastern region," and "Item 3.D. Risk Factors—Risks Relating to the Regulatory Environment—We are exposed to risks associated with the Concession Agreement for URAE-1, which may materially impact our financial condition and operating results."

For the risks associated with our Privatization, see "Item 3.D. Risk Factors—Risks Relating to Our Privatization."

Other Information

In this annual report, unless the context otherwise requires, references to "we," "us," "our," "Company," or "SABESP" refer to Companhia de Saneamento Básico do Estado de São Paulo – SABESP.

In addition, references to:

- "ANA" are to the National Water and Sanitation Agency (*Agência Nacional de Águas e Saneamento Básico*);

- "ARSESP" are to the São Paulo State Public Services Regulatory Agency (*Agência Reguladora de Serviços Públicos do Estado de São Paulo*);
- "ADR" or "ADRs" are to American Depositary Receipt or American Depositary Receipts, respectively;
- "ADS" or "ADSs" are to American Depositary Share or American Depositary Shares, respectively;
- "B3" are to B3 S.A. – Brasil, Bolsa, Balcão;
- "Basic Sanitation Law" are to Law No. 11,445/2007 of the Federative Republic of Brazil, as amended;
- "BNDES" are to Brazilian National Bank for Economic and Social Development (*Banco Nacional de Desenvolvimento Econômico e Social*);
- "Brazil" are to the Federative Republic of Brazil;
- "Brazilian Constitution" are to the Constitution of the Federative Republic of Brazil of 1988;
- "Brazilian Corporate Law" are to Law No. 6,404/1976, as amended;
- "Central Bank" are to the Central Bank of Brazil;
- "coverage" indicators are to (a) the number of homes that are actually connected to the water network or sewage collection network, plus the number of homes for which the water and sewage networks are available for connection, but which are not connected to those networks (referred to as "feasible" or "connectable" homes), as a portion of (b) the total number of homes within the urbanized service area covered by our contract with the municipality (i.e., the "serviceable area");
- "Concession Agreement for URAE-1" are to concession agreement we entered into with URAE-1 on July 23, 2024;
- "COPOM" are to the Comitê de Política Monetária (Monetary Policy Committee) of the BCB, responsible for setting the target for the policy interest rate (SELIC);
- "COVID-19" are to the SARS-CoV-2 2019 coronavirus pandemic;
- "CVM" are to the *Comissão de Valores Mobiliários*, the Brazilian securities and exchange commission;
- "Equatorial S.A." is a Brazilian energy distribution company, formerly known as Equatorial Participações e Investimentos IV S.A.;
- "FAPESP" are to the *Fundação de Amparo à Pesquisa do Estado de São Paulo*, the Research Foundation of the State of São Paulo;
- "FAUSP" are to the *Fundo de Apoio à Universalização do Saneamento no Estado de São Paulo*, a fund to support the universalization of sanitation services in the State of São Paulo;
- "federal government" and "Brazilian government" are to the federal government of the Federative Republic of Brazil and "State of São Paulo government" are to the state government of the State of São Paulo;
- "GDP" are to gross domestic product, which is the standard measure of the value added created through the production of goods and services during a certain period of time,
- "IBRD" are to the International Bank for Reconstruction and Development;
- "IDB" are to the Inter-American Development Bank;

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- "IDB Invest" are to the Inter-American Investment Corporation;
- "IPCA" are to the *Índice Nacional de Preços ao Consumidor Amplo* (Extended National Consumer Price Index), the reference for the Brazilian inflation-targeting system;
- "JICA" are to the Japan International Cooperation Agency;
- "New Legal Framework for Basic Sanitation" are to Law No. 14,026/2020 of the Federative Republic of Brazil;
- "*Novo Mercado*" are to the special listing segment of B3 known as the *Novo Mercado;*

- "*Novo Mercado Listing Regulation*" are the Novo Mercado listing rules;
- "¥" or "Japanese Yen" are to the official currency of Japan;
- "PASEP" are to *Programa de Formação do Patrimônio do Servidor Público*, a social contribution payable by companies to finance the funds for insurance for unemployment, child benefit and allowance for low paid workers;
- "program contract" are to certain inter-federative cooperation agreements entered into within the scope of associated management (pursuant to article 241 of the Brazilian Constitution), whereby the provision of public services is delegated to third parties or liabilities, services, personnel or goods necessary for the continuity of public services are totally or partially transferred to third parties;
- "Privatization" are to our privatization as authorized by the State Law No. 17,853/2023, which was consummated by the State of São Paulo on July 22, 2024, as further described in "Presentation of Financial and Other Information — Privatization;"
- "*real*," "*reais*" or "R$" are to the Brazilian *real*, the official currency of Brazil;
- "Regional Systems" are to the area where the old regional systems' executive office operated, comprising municipalities in the interior and coastline regions of the State of São Paulo;
- "SELIC" are to the weighted average interest rate of the overnight interbank operations, collateralized by federal government securities, carried out at the Special System for Settlement and Custody;
- "SEMIL" are to the State Secretariat for the Environment, Infrastructure and Logistics of the State of São Paulo (*Secretaria de Meio Ambiente, Infraestrutura e Logística do Estado de São Paulo*);
- "service" indicators are to (a) the number of homes that are actually connected to the water network or sewage collection network, as a portion of (b) the total number of homes within a given serviceable area;
- "sewage treatment coverage" indicators are to the amount of consumer units connected to the sewage treatment system;
- "State of São Paulo" or "State" are to the State of São Paulo, which is also our controlling shareholder;
- "UNESP" are to the Universidade Estadual Paulista Júlio de Mesquita Filho;
- "URAE" are to Regional Unit for Drinking Water Supply and Sewage Services (*Unidade Regional de Serviços de Abastecimento de Água Potável e Esgotamento Sanitário*), as further described in "Presentation of Financial and Other Information—Privatization;"
- "URAE-1" are to the URAE of the Southeastern region, as further described in "Presentation of Financial and Other Information—Privatization;"

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- "U.S. dollars" or "US$" are to the United States dollar, the official currency of the United States;
- "water crisis" are to the drought we experienced from late 2013 and throughout most of 2015. This drought, the most serious that our service region has experienced in 80 years, primarily affected the Cantareira System, our largest water production system;
- "WHO" are to the World Health Organization; and
- "WHT" is the Brazilian federal withholding income tax.

Information in this annual report related to liters, water and sewage volumes, number of employees, kilometers, water and sewage connections, population served, operating productivity, water production, water and sewage lines (in kilometers), water loss index and investment in programs has not been audited.

Market Information

We make statements in this annual report about our market share and other information relating to Brazil and the industry in which we operate. We have made these statements on the basis of information from third-party sources and publicly available information that we believe is reliable, such as information and reports from the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística* – "IBGE"), and the State Data Analysis System Foundation (*Fundação Sistema Estadual de Análise de Dados* – "SEADE"), among others. We have no reason to believe that any of this information is inaccurate in any material respect.

References to urban and total population in this annual report are estimated based on research prepared by SEADE entitled "Projections of Population and Residences for the municipalities of the State of São Paulo: 2010-2050" (*Projeção da População e dos Domicílios para os Municípios do Estado de São Paulo: 2010-2050*).

Our Contracts and the Municipalities We Serve

Throughout this document, we refer to the 375 municipalities we serve directly and the two municipalities which we account for in our wholesale segment (Mogi das Cruzes and São Caetano do Sul), since our revenue for the year ended December 31, 2024 is derived from these municipalities. The 375 municipalities include 371 municipalities covered by the Concession Agreement for URAE-1, and four governed by individual contracts (municipalities of Miguelópolis, Quintana, Nova Guataporanga and Olímpia).

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CAUTIONARY STATEMENTS ABOUT FORWARD-LOOKING STATEMENTS

This annual report includes forward-looking statements, mainly in Items 3 through 5. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting our business. These forward-looking statements are subject to risks, uncertainties and assumptions, including, among other factors:

- general economic, political, demographical, health and other conditions in Brazil and in other countries, including, as a result of the changes in administration in the United States, the military conflict between Russia and Ukraine, as well as the escalation of the conflict between Israel and Hamas into Lebanon and Iran and general instability in the Middle East, the imposition of sanctions, tariffs and trade embargos and its impacts on the global economy;
- fluctuations in inflation, interest rates and exchange rates in Brazil;
- the changes to our business and our management as a result of our Privatization and any related legislative, regulatory or political developments;
- any judicial or other challenges to our Privatization;
- our ability to comply with the targets established by the Concession Agreement for URAE-1;
- any increase in delinquencies by our customers;
- the regulations issued by ARSESP regarding several aspects of our business, including resetting and adjusting our tariffs;
- changes in applicable laws and regulations, as well as the enactment of new laws and regulations, including those relating to environmental, tax and employment matters in Brazil;
- risks relating to our material properties, including difficulties in obtaining or renewing existing licenses, authorizations, approvals and permits to build, expand and/or operate our business facilities and challenges to our ownership and possession of our material properties;
- the impacts on our business of probable increases in the frequency of extreme weather conditions, including droughts and intensive rain and other climatic events;
- our ability to continue to use certain reservoirs under current terms and conditions;
- availability of our water supply, springs and storage systems;
- the impact on our business of conscious water usage, such as lower water consumption practices, as adopted by our customers during the water crisis, can impact our business and our operating results;
- the size and growth of our customer base and its consumption habits;
- any measures that we may be required to take to ensure the provision of water to our customers;
- the potential impact of the enactment of national reference standards that should be taken into account by subnational sanitation regulatory agencies (municipal, intermunicipal, district and state) in their regulatory performance, since the New Legal Framework for Basic Sanitation determined that ANA is the regulatory authority of the sanitation sector at national level;
- our ability to comply with the requirements regarding water and sewage service levels included in our agreements with municipalities, especially as a result of the changes brought by the New Legal

Framework for Basic Sanitation, which established that the Universalization Targets must be met by 2033, which was brought forward to 2029 for us pursuant to State Law No. 17,853/2023;

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- the municipalities' ability to terminate our existing concession agreements prior to their expiration date and our ability to renew such agreements;
- our ability to collect amounts owed to us by the State of São Paulo (our former controlling shareholder), states, the federal government and municipalities;
- our capital expenditure program and other liquidity and capital resources requirements;
- our management's expectations and estimates relating to our future financial performance;
- our level of debt and limitations on our ability to incur additional debt in amounts sufficient to comply with the new Universalization Targets;
- our ability to access financing with favorable terms in the future;
- the costs we incur in complying with environmental laws and any penalties for failure to comply with these laws;
- the outcome of our pending or future legal proceedings;
- the impact of widespread health developments, such as COVID-19, and its effects on our operating revenues and financial condition;
- power shortages, rationing of energy supply or significant changes in energy tariffs;
- other risk factors as set forth under "Item 3.D. Risk Factors."

The words "believe," "may," "estimate," "continue," "anticipate," "plan," "intend," "expect" and similar words are intended to identify forward-looking statements. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this annual report might not occur. Our actual results could differ substantially from those anticipated in our forward-looking statements. Forward-looking statements speak only as of the date they were made, and we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law. Any such forward-looking statements are not an indication of future performance and involve risks.

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PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [RESERVED]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary of Risk Factors

This section is intended to be a summary of more detailed discussions contained elsewhere in this annual report. The risks described below are not the only ones we face. Our business, results of operations or financial condition could be harmed if any of these risks materialize.

Risks Relating to Our Privatization

- Our Privatization and the changes to our operational structure arising from our Privatization may still be challenged. A court ruling favorably to such challenge could adversely affect our operations and the market price of our common shares and ADSs. The absence of a single controlling shareholder or group of controlling shareholders may impact our ability to efficiently approve certain transactions and could potentially delay critical decision-making processes, which may adversely affect our business and results of operations.

Risks Relating to Brazil

- The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. This influence, as well as Brazilian political and economic conditions, could adversely affect us and the market price of our common shares and ADSs.
- Changes in Brazilian tax laws or conflicts in their interpretation may adversely affect us.
- Ongoing political instability has adversely affected the Brazilian economy and may lead to an economic slowdown, which may have an adverse effect on our financial condition and results of operations.

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- Inflation and the Brazilian government's measures to combat inflation may contribute to economic uncertainty in Brazil, adversely affecting us and the market price of our common shares or ADSs.
- Exchange rate instability and developments and the perception of risk in other countries, especially in the United States and in emerging market countries, may adversely affect us, our foreign currency denominated debt and the market price of our common shares or ADSs and our ability to service our foreign currency denominated obligations.
- Downgrades in Brazil's credit rating could adversely affect our credit rating, the cost of our indebtedness and the trading price of our common shares and ADSs.
- Brazil's economy is vulnerable to external and internal shocks, which may have a material adverse effect on Brazil's economic growth and on the trading markets for securities.

Risks Relating to Our Business

- Risks Associated with Revenue Transfers and Tariff Adjustments in respect of the Provision of Water and Sewage Services to the City of São Paulo.
- Any failure to obtain new funding or to comply with covenants in our existing financing agreements may adversely affect our ability to continue our capital expenditure program.
- Any substantial monetary judgment against us or any of our directors and officers in legal proceedings may have a material adverse effect on our reputation, business or operating or financial condition and/or results.

- We are subject to anti-corruption, anti-bribery, anti-money laundering, sanctions and antitrust laws and regulations. Our violation of any such laws or regulations could have a material adverse effect on our reputation, our results of operations and our financial condition.
- Our business is subject to cyberattacks and security and privacy breaches.
- Failure to comply with the LGPD or any further privacy and data protection laws enacted in Brazil could adversely affect our reputation, business, financial condition or results of operations.
- Our failure to protect our intellectual property rights may negatively impact us.
- Industrial accidents, equipment failure, environmental hazards or other natural phenomena may adversely affect our operations, assets and reputation and might not be covered by our insurance policies.
- Our insurance policies may not cover or may be insufficient to cover claims which may arise.
- We cannot guarantee that our third-party suppliers and/or service providers will not become involved in any irregular practices.
- Our financial and operating performance may be adversely affected by epidemics, natural disasters and other catastrophes.
- If we are not successful in addressing issues related to the occupational health and safety of our employees and the facilities where we conduct our activities, our results and operations could be adversely affected.
- If any of our assets are deemed assets dedicated to providing an essential public service, they will not be available for liquidation and will not be subject to attachment to secure a judgment.
- Strikes, work stoppages or labor unrest by our employees or by the employees of our suppliers or contractors could adversely affect our business.
- We are subject to obligations regarding respect for the human rights of all of our stakeholders, which may result in additional costs and significant contingencies.
- If we do not remedy the material weakness in our internal controls, the reliability of our financial statements may be materially affected.
- Transactions with related parties, including as part of our Privatization, may not have comparable market terms available and may not be entered into on an arm's length basis, which could expose us to lawsuits and affect our financial results.

Risks Relating to Suppliers

- Any interruptions in the supply of electricity and water may adversely affect our operations.
- Our business may be adversely affected by reliance on services and products from third-party suppliers.

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Risks Relating to Our Clients

- We are owed some substantial unpaid debts. We cannot assure you as to when or whether we will be paid.

Risks Relating to Our Management

- We depend on the technical qualifications of the members of our management, and we cannot guarantee that we will be able to maintain them or replace them with suitable individuals.

Risks Relating to the Regulatory Environment

- Pursuant to the New Legal Framework for Basic Sanitation, ANA will be responsible for issuing reference standards. Any non-compliance will prevent municipalities or operators from accessing financings and public resources managed or operated by the Brazilian government.
- We are exposed to risks associated with the Concession Agreement for URAE-1, which may materially impact our financial condition and operating results.
- The granting/contracting authorities may terminate contracts before they expire in certain circumstances. The indemnification payments we receive in such cases may be less than the value of the investments we made, or may be paid over an extended period, adversely affecting our business, financial condition, or results of operations.

- If we do not meet the targets established by the Concession Agreement for URAE-1, our tariff adjustments might be reduced, which could materially adversely affect our business, financial condition, or results of operations.
- If the water from our water sources (*mananciais*) does not meet our water treatment conditions, we may have to interrupt the water treatment process until we are able to treat the water or to substitute the supply of water from another water source.
- Risks associated with the collection, treatment and disposal of wastewater and the operation of water utilities may impose significant costs that may not be covered by insurance, which could result in increased insurance premiums.
- We are exposed to risks of delays or failures in payments associated with the provision of water and sewage services.
- Securing new concessions, new public-private partnerships and new acquisitions involve risks related to the integrations of the adjudicated or acquired businesses, the situation of the assets and the regularity of the operations related to the concessions.
- Our expansion strategy involves acquisitions, which may entail various risks and challenges.
- Risks related to encumbrances, which may adversely affect us in the event of default on the obligations guaranteed by our properties.
- If we are unable to obtain or renew environmental permits and/or licenses, we may be subject to fines and the closure of any irregular facilities, with the interruption of activities carried out by us at such facilities.
- According to the Brazilian law regulating concessions and public-private partnership matters, our corporate structure is composed of some special purpose entities, which may result in our responsibility for tax, labor, environmental protection, consumer and bankruptcy matters originated from our subsidiaries.
- We are subject to penalties related to our registrations, authorizations, licenses and permits for the development of our activities.

Risks Relating to Environmental Matters and Physical and Climate Transition Risks

- Noncompliance with environmental laws and environmental liability could have a material adverse effect on us and our reputation.
- Environmental, social and governance considerations could expose us to potential liabilities, increased costs (regulatory or otherwise), compliance failures and reputational harm, including with respect to the B3 Green Shares classification we have been granted.
- Droughts, such as the 2014 – 2015 water crisis, can cause a material impact on consumption habits and, consequently, on our business, financial condition or results of operations.
- Extreme Weather Conditions and Climate Change may have a material adverse impact on our business, financial condition or results of operations.
- New laws and regulations relating to climate change and changes in existing regulation may result in increased liabilities and increased capital expenditures, which could have a material adverse effect on us.

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Risks Relating to Our Common Shares and ADSs

- We may issue additional common shares or enter into a merger, consolidation or other similar corporate transaction, which could dilute your interest in our common shares underlying the ADS.
- International judgments may not be enforceable when considering our directors or officers' status of residency.
- We may not always be in a position to pay dividends or interest on shareholders' equity and ADSs.
- Mandatory arbitration provisions in our bylaws may limit the ability of a holder of our ADRs to enforce liability under U.S. securities laws.
- A holder of our common shares and ADSs might be unable to exercise preemptive rights and tag-along rights with respect to the common shares.
- Holders of our ADSs do not have the same voting rights as our shareholders.
- Judgments of Brazilian courts with respect to our common shares are required to be payable only in reais.

- Changes in Brazilian tax laws may have an adverse impact on the taxes applicable to a disposition of our shares or ADS.

Risks Relating to Our Privatization

Our Privatization and the changes to our operational structure arising from our Privatization may still be challenged. A court ruling favorably to such challenge could adversely affect our operations and the market price of our common shares and ADSs. The absence of a single controlling shareholder or group of controlling shareholders may impact our ability to efficiently approve certain transactions and could potentially delay critical decision-making processes, which may adversely affect our business and results of operations.

Following the consummation of our Privatization, there are ongoing legal proceedings challenging our Privatization, as set out in "Item 8.A. Consolidated Financial Statements and Other Financial Information—Legal Proceedings." Additionally, new legal challenges or proceedings with the relevant court may also still be filed. Despite the consummation of our Privatization, potential adverse rulings from judicial or administrative proceedings may have negative effects on our financial results and reputation.

Furthermore, the transition from having a controlling shareholder to a dispersed ownership structure presents new challenges. The absence of a single controlling shareholder or group of controlling shareholders may impact our ability to efficiently approve certain transactions and could potentially delay critical decision-making processes, which may adversely affect our business and results of operations.

Risks Relating to Brazil

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. This influence, as well as Brazilian political and economic conditions, could adversely affect us and the market price of our common shares and ADSs.

The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes significant changes in policy and regulations. The Brazilian government's actions to control inflation and other policies and regulations have often involved, among other measures, changes in interest rates, tax policies, price and tariff controls, foreign exchange rate controls, currency devaluation or appreciation, capital controls and limits on imports and exports. Our business, financial condition and results of operations, as well as the market price of our common shares or ADSs, may be adversely affected by changes in public policy at federal, state and municipal levels with respect to public tariffs and exchange controls, as well as other factors, such as:

- expansion or retraction of the Brazilian economy;
- the regulatory environment and changes in laws and regulations;
- interest rates fluctuations, inflation and foreign exchange rate movements;
- availability of credit and liquidity of the Brazilian capital and lending markets;
- commodity prices;
- import and export controls;

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- public debt;
- economic, political and social instability;
- water and electricity shortages and rationing;
- other factors identified or discussed under "Risk Factors".

We cannot predict the measures that the Brazilian government will take due to mounting macroeconomic pressures or otherwise. Economic and political instability and uncertainty has led to a negative perception of the Brazilian economy and higher volatility in the Brazilian capital markets and the securities of Brazilian issuers, which may adversely affect our activities, results of operations, and the trading price of our common shares and ADSs. For more information, see "Item 3.D. Risk Factors—Risks Relating to Brazil—Ongoing political instability has adversely affected the Brazilian economy and may lead to an economic slowdown, which may have an adverse effect on our financial condition and results of operations."

Changes in Brazilian tax laws or conflicts in their interpretation may adversely affect us.

The Brazilian government frequently modifies tax laws, including tax treaties, rates, and benefits, which may increase our tax liabilities and adversely affect our profitability and results of operations. In addition, tax authorities may interpret laws in a way that differs from the interpretation we currently rely upon to carry out our transactions, potentially leading to adverse financial effects. We cannot assure that we will be able to maintain our projected cash flows and profitability following any increases in Brazilian taxes applicable to our operations, which may adversely affect our results of operations and financial condition.

Brazil is undergoing significant tax reform, particularly on the taxation of goods and services. On December 20, 2023, Constitutional Amendment No. 132/2023 ("EC 132") was enacted, replacing several of the current "indirect taxes" (ICMS, IPI, ISS and PIS/Cofins) by three new ones: a Goods and Services Tax (IBS), a Contribution on Goods and Services (CBS) and an Excise Tax (IS). The transition period runs from 2026 to 2032, with full implementation by 2033.

The regulatory process for EC 132 through legislation (complementary and ordinary laws) is underway. On January 16, 2025, Complementary Law No. 214/2025 was enacted, establishing the general legal framework applicable to IBS, CBS and IS. It is expected that the standard rate for the sum of IBS and CBS to be generally levied on any type of services and goods (with some limited exceptions) will be 28.0%.

Further reforms on income and payroll taxation are also under discussion by the Brazilian government. EC 132 provides that the executive branch must submit to the National Congress, within 90 days of its enactment, bills of law for reforming income and payroll taxation. As of the date of this annual report, no such bills have been submitted.

Several bills aimed at reforming the Brazilian Income Tax system have been submitted to Congress. They are still at an early stage of the legislative process and are subject to change. Among the proposed changes are the taxation of dividends remitted abroad and the extinction or limitation of the Interest on Net Equity (*Juros sobre o Capital Próprio*) regime.

We cannot predict the effects of changes in Brazilian tax laws, and if they may have an adverse effect on our business, financial condition or results of operations.

Ongoing political instability has adversely affected the Brazilian economy and may lead to an economic slowdown, which may have an adverse effect on our financial condition and results of operations.

Brazil has experienced amplified economic and political instability, as well as heightened volatility, as a result of several investigations by national and foreign agencies responsible for corruption and cartel investigations. Investigations into allegations, trials and convictions of Brazilian government and State of São Paulo government officials and senior management of Brazilian companies may lead to further allegations and charges, which in turn may lead to political instability and a decline in confidence by consumers and foreign direct investors in the stability and transparency of the Brazilian government and Brazilian companies. This may have a material adverse effect on Brazil's economic growth, the demand for securities issued by Brazilian companies, and access to the international financial markets by Brazilian companies.

Furthermore, the President has the power to impose policies and issue governmental acts (*Medidas Provisórias*) regarding the Brazilian economy that may affect our operations and financial performance. We cannot predict what policies the President will impose, much less whether such new policies or changes in current policies will have an adverse effect on our business or the Brazilian economy. Additionally, the Brazilian government's potential difficulty in securing a majority in the National Congress could obstruct policy implementation, further contributing to economic instability. These uncertainties, along with any new measures that may be implemented, may increase the volatility of the Brazilian securities market.

Historically, political crises have affected investor confidence as well as public opinion, and any of the above factors may create additional political uncertainty, which could harm the Brazilian economy and, consequently, our business, results of operations, financial condition and the trading price of our common shares and ADSs.

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Inflation and the Brazilian government's measures to combat inflation may contribute to economic uncertainty in Brazil, adversely affecting us and the market price of our common shares or ADSs.

Brazil has historically experienced high rates of inflation and the Brazilian government's measures to combat it have had and may in the future have significant effects on the Brazilian economy and our business, financial condition and results of our operations. Tight monetary policies with high interest rates may restrict Brazil's growth, the availability of credit and our cost of funding. Conversely, other Brazilian governmental actions, including lowering interest rates, intervention in the foreign exchange market and actions to adjust or fix the value of the *real*, may trigger increases in inflation.

Brazil's General Price Index (*Índice Geral de Preços – Mercado* – "IGP-M"), used to measure the country's inflation, recorded inflation of 6.54% for the year ended December 31, 2024, deflation of 3.18% for the year ended December 31, 2023 and inflation of 5.45% for the year ended December 31, 2022. The SELIC, the Brazilian federal funds rate and official overnight interest rate in Brazil, was 12.15%, 11.65% and 13.65% in the years ended December 31, 2024, 2023 and 2022, respectively. Subsequently the target was gradually increased to 13.25%. Since then, it has been gradually increased to 14.25%, where it remains as of the date of this annual report. Inflation, along with government measures to combat inflation and public speculation about possible future government measures, has had significant negative effects on the Brazilian economy, and contributed to economic uncertainty in Brazil and heightened volatility in the Brazilian securities market, which may have an adverse effect on us if such policies are reinstated.

The Brazilian annual inflation rates, as measured by the IPCA, were 4.83%, 4.62% and 5.79% in the years ended December 31, 2024, 2023 and 2022, respectively. In 2022, the accumulated inflation slowed down compared to 2021, and it continued to slow down in 2023. However, the inflation rates in the years ended December 31, 2024, 2023 and 2022 were all above the predetermined and previously announced target ranges, which were 3.00%, 3.25% and 3.50% respectively. If Brazil once again experiences substantial high inflation or deflation in the future, our business, financial condition or results of operations may be adversely affected, including our ability to comply with our obligations. In addition, a substantial increase in inflation may weaken investors' confidence in Brazil, causing a decrease in the market price of our common shares or ADSs.

Exchange rate instability and developments and the perception of risk in other countries, especially in the United States and in emerging market countries, may adversely affect us, our foreign currency denominated debt and the market price of our common shares or ADSs and our ability to service our foreign currency denominated obligations.

The Brazilian *real* has historically been volatile, experiencing periodic depreciation against the U.S. dollar and other currencies. The Brazilian government has implemented various exchange rate policies, including devaluations, floating exchange rates, and exchange controls. The current floating system has contributed to significant fluctuations, with the *real* appreciating by 6.5% against the U.S. dollar in 2022 but depreciating to R$6.1923 per US$1.00 as of December 31, 2024. There can be no assurance that the *real* will not depreciate further against the U.S. dollar.

Foreign exchange rate fluctuations will impact the U.S. dollar value of our common shares on the B3, as well as the U.S. dollar equivalent of any distributions we make in *reais* with respect to our common shares.

Depreciation of the Brazilian *real* has created inflationary pressures in Brazil and has caused increases in interest rates, which could negatively affect the growth of the Brazilian economy and harm our financial condition and results of operations, curtail our access to financial markets and prompt government intervention, including recessionary governmental policies.

In addition, because we have debt denominated in foreign currencies, any significant devaluation of the *real* will increase our financial expenses as a result of foreign exchange losses that we must record. This would also increase our total debt, which could lead us to breach any debt/EBITDA covenants we are subject to in certain financings. We had total foreign currency denominated debt of R$3.4 billion as of December 31, 2024, and we anticipate that we may incur additional amounts of foreign currency denominated debt in the future. In December 2023, our Board of Directors approved our Hedging Policy, which is available on our website but is not incorporated herein, and in December 2024, we entered into derivative instruments (plain vanilla swaps) to hedge against a depreciation of the *real* against the U.S. dollar. We cannot guarantee we will always be able to enter into derivative instruments to hedge in favorable terms.

A devaluation of the *real* may adversely affect us and the market price of our common shares or ADSs. For more information, see Note 5.1(a) to our 2024 Consolidated Financial Statements. Further, the market price of securities of Brazilian companies is affected to varying degrees by economic and market conditions in other countries, including the United States, China and other Latin American and emerging market countries. Although economic conditions in these countries may differ significantly from economic conditions in Brazil, investors' reactions to developments in these other countries may have an adverse effect on the market price of securities of Brazilian issuers. Crises in other emerging market countries or economic policies of other countries may diminish investor interest in securities of Brazilian issuers, including ours. This could adversely affect the market price of our common shares or ADSs and could also make it more difficult for us to access the capital markets and finance our operations in the future, on acceptable terms or at all.

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Downgrades in Brazil's credit rating could adversely affect our credit rating, the cost of our indebtedness and the trading price of our common shares and ADSs.

Rating agencies periodically evaluate Brazil and its sovereign ratings, based on a number of factors, including macroeconomic trends, fiscal and budgetary conditions, debt metrics and the prospect of changes in any of these factors. Downgrades in Brazil's credit rating can lead to downgrades in our credit rating and increase the cost of our indebtedness as investors may require a higher rate of return to compensate a perception of increased risk. Brazil lost

its investment-grade status from all three major rating agencies (Standard & Poor's, Moody's and Fitch) in 2015 and, consequently, the trading prices of securities in the Brazilian debt and equity market were negatively affected.

As of the date of this annual report, Brazil's sovereign credit ratings were BB with a stable outlook, Ba1 with a positive outlook and BB with a stable outlook by S&P, Moody's and Fitch, respectively, which is below investment grade.

Any further downgrade in Brazil's sovereign credit rating may increase investors' perception of risk on the country and, consequently, of Brazilian companies (including us), which may increase future funding costs and negatively affect interest and profit margins, impacting the trading price of our common shares and ADSs.

Brazil's economy is vulnerable to external and internal shocks, which may have a material adverse effect on Brazil's economic growth and on the trading markets for securities.

Brazil's economy is vulnerable to external shocks, including adverse economic and financial developments in other countries. For example, an increase in interest rates in the international financial markets may adversely affect the trading markets for securities of Brazilian issuers or a drop in the price of commodities produced by Brazil could adversely affect the Brazilian economy. Brazil could also be adversely affected by negative economic or financial developments in other countries. Brazil has been adversely affected by such contagion effects on several occasions, including following the 1998 Russian crisis, the 2001 Argentine crisis and the 2008 global economic crisis.

Furthermore, volatility and uncertainty in global financial and credit markets have generally led to a decrease in liquidity and an increase in the cost of funding for Brazilian and international issuers and borrowers, which may adversely affect our ability to access capital and liquidity on acceptable terms. It may also lead to a decline in foreign investment, which could negatively affect our business, the ability to take advantage of strategic opportunities and, ultimately, the trading price of our ADSs.

In addition, the escalation of geopolitical tensions could lead to higher oil and gas prices, the imposition of sanctions, travel and import/export restrictions, increased inflationary pressures and market volatility, among other potential consequences and disruptions in supply chains, in particular in connection with the military conflicts between Russia and Ukraine and the current conflict between Israel and Hamas. Economic sanctions imposed by the United States, the European Union, the United Kingdom and other countries as a direct consequence of these conflicts may create further instability.

The new United States administration has imposed or threatened to impose tariffs on a variety of countries and products. In addition, the United States has threatened the imposition of reciprocal tariffs on those countries who impose unequal tariffs or taxes on United States exports. While the administration announced a 90 day stay on the wide-ranging tariffs announced on April 2, 2025, there is no guarantee that these or other threatened tariff increases will not become effective in the future. This uncertainty has contributed to significant turmoil in global markets and fluctuations in the value of the U.S. dollar. Given the current uncertainty around the threat of tariff increases, it is not possible to estimate the potential effect or to determine the level of materiality for the Brazilian economy and, in turn, our results of operations.

Brazil's economy is also subject to risks arising from the development of several domestic macroeconomic factors. These include general economic and business conditions of the country, the level of consumer demand, the general confidence in the political conditions in the country, present and future exchange rates, the level of domestic debt, inflation, interest rates, the ability of the Brazilian government to generate budget surpluses and the level of foreign direct and portfolio investment.

Our operating conditions have been, and will continue to be, affected by the growth rate of gross domestic product ("GDP") in Brazil, because of the correlation between GDP growth and water demand. Therefore, any change in the level of economic activity may adversely affect the liquidity of, and the market for, our securities and consequently our financial conditions and the results of our operations.

Risks Relating to Our Business

Risks Associated with Revenue Transfers and Tariff Adjustments in respect of the Provision of Water and Sewage Services to the City of São Paulo

The provision of water and sewage services in the city of São Paulo accounted for 52% of our gross operating revenues from sanitation services (excluding revenues relating to the construction of concession infrastructure) in the year ended December 31, 2024.

On June 23, 2010, the State and the city of São Paulo executed a convention agreement (*convênio*) with our intermediation and ARSESP's consent, under which they agreed to manage the planning and investment for the basic sanitation system of the city of São Paulo on a joint basis. We executed a service contract with the State and the city of

São Paulo on the same date to provide these services for the next 30 years, pursuant to which, among other things, we must transfer 7.5% of the gross revenues we obtain from this contract, less COFINS and PASEP taxes, and unpaid bills for services provided to properties owned by the city of São Paulo, to the FMSAI, as per Municipal Law No. 14,934/2009. For more information, see "Item 7.B. Related Party Transactions—Agreement with the State and the city of São Paulo" for a further discussion of the principal terms of this convention and the service contract we executed in accordance with this convention.

As a result of the second ordinary tariff revision, published in ARSESP Resolution No. 794/2018 ("Second Ordinary Tariff Revision"), ARSESP allows the pass-through of up to 4% of the municipal revenue we transfer to a legally established municipal infrastructure fund. ARSESP Resolution No. 1545/2024 subsequently established the criteria and conditions to permit the transfer of 4% of such revenue from service providers. In addition, for recognition as part of the tariff, municipal funds for environmental sanitation and infrastructure must be established by the municipality through a legal act, which specifies the allocation of resources. For the fourth tariff cycle (2021-2024) ARSESP has set a 4% cap on transfers to municipal funds, with these transfers requiring prior approval by ARSESP and formal recognition as part of the tariff structure. For more information, see "Item 4.B. Business Overview—Tariffs," especially "Item 4.B. Business Overview—Tariffs—Tariff Readjustment and Revisions."

Considering that ARSESP has capped the pass-through to tariffs for amounts transferred to municipal infrastructure funds at 4%, the mandatory contractual transfer of the remaining 3.5% of the gross revenues (excluding COFINS and PASEP taxes and unpaid bills of publicly owned properties in the city of São Paulo) to FMSAI will not be passed through to customers in full. We cannot guarantee when and if this will happen and if it may have an adverse effect on our business, financial condition or results of operations.

From 2010 to December 31, 2023, we transferred approximately R$5.9 billion to FMSAI. For additional information on ARSESP regulations, see "Item 4.B. Business Overview—Tariffs" and "Item 4.B. Business Overview— Government Regulations Applicable to Our Contracts—Establishment of ARSESP."

On July 13, 2021, the city of São Paulo filed a public civil action against us, the State of São Paulo and ARSESP, aiming, in general terms, to discuss the possibility of including the charge to FMSAI in the tariff adjustment provided for in Resolution No. 870/2019, which in practice was already being transferred pursuant to Resolution No. 794/2018. In summary, this public civil action seeks: (i) the recognition of illegality of the transfer of 7.5% of our gross revenue, related to FMSAI, to the water and sewage tariff applicable in the city of São Paulo; (ii) to establish our liability for any damages caused to users affected by ARSESP Resolutions 794/2018 and 870/2019; and (iii) the recognition of the inexistence of liabilities to be paid to us for the transfers to FMSAI made by it since 2010, since they would already be included in the tariff value from the beginning.

On August 19, 2021, the city of São Paulo requested the suspension of the process in view of the ongoing negotiations in search of an amicable solution to the dispute. On September 13, 2021, the suspension of the case for a period of 90 days was granted. On August 15, 2022, the city of São Paulo reported that the settlement negotiations were still ongoing. On February 12, 2025, the city of São Paulo requested an additional suspension of the process for 30 days, and, as of the date of this annual report, there have been no further developments.

We have not yet been named and cannot predict the outcome of this proceeding, which, if unfavorable, could have an adverse economic impact on us.

The Concession Agreement for URAE-1 provides for the full acknowledgment of tariff payments to the FMSAI for the municipality of São Paulo, which means that the 7.5% rate is now recognized in the tariffs. See "Presentation of Financial and Other Information—Privatization" for further information about the contributions for this public consultation, and "Item 4.B. Business Overview—Tariffs—New Tariff Structure" for further information about our tariff structure.

Any failure to obtain new funding or to comply with covenants in our existing financing agreements may adversely affect our ability to continue our capital expenditure program.

Our capital expenditure program will require resources of approximately R$72.0 billion in the period from 2025 through 2029 For the year ended December 31, 2024, we recorded R$6.9 billion in capital expenditures. We intend to continue funding these capital expenditures with cash generated by our operations, issuances of debt securities in the domestic and international capital markets as well as borrowings in Brazilian *reais* and foreign currencies. A significant portion of our financing needs is obtained through long-term financing at attractive interest rates from Brazilian federal public banks, multilateral agencies and international governmental development banks. If the Brazilian government changes its policies regarding public financing or amounts available for water and sewage services, or if we fail to obtain long-term financing at attractive interest rates in the future, we may not be able to meet our obligations or finance our capital expenditure program, which could have a material adverse effect on our business, financial condition or results of operations.

Our debt includes financial covenants that impose indebtedness limits, as well as several non-financial covenants, including the pledging of assets, provision of financial statements and audit reports, change of control provisions and compliance with environmental laws and licenses, among others. Our failure to comply with any of these covenants could seriously impair our ability to finance our capital expenditure program, which could have a material adverse effect on us. For more information on these covenants, see "Item 5.B. Liquidity and Capital Resources—Indebtedness Financing—Financial Covenants."

Any substantial monetary judgment against us or any of our directors and officers in legal proceedings may have a material adverse effect on our reputation, business or operating or financial condition and/or results.

We are and may in the future be party to legal proceedings related to civil, corporate, environmental, labor, tax, and/or criminal actions filed against us, which may require us to expend substantial funds and other resources.

These claims involve substantial amounts of money and other remedies. As of December 31, 2024, the total estimated number of claims related to our legal proceedings was R$24.7 billion (net of R$167.7 million in court deposits), of which R$2.4 billion were already provisioned, including contingent liabilities and remote loss contingencies.

Our provisions do not cover all legal proceedings involving monetary claims filed against us and may be insufficient to cover any amounts arising from unfavorable final decisions, which may have a material adverse effect on our financial condition and reputation. Further, one or more of our directors and officers may become parties to civil, administrative, environmental, criminal or tax judicial, administrative or arbitration proceedings, of which the initiation and/or outcome may adversely affect them and impair their ability to perform their duties with us, which could lead to a material adverse effect on our reputation, business or operating or financial condition and/or results.

Unfavorable judicial, administrative, and arbitral decisions against us, our subsidiaries, executives, and directors, particularly those involving substantial amounts or preventing us from conducting business as initially planned, may adversely affect our results, business, reputation, financial situation, and market value of our shares and ADSs. Negative decisions involving criminal proceedings, especially those related to corruption or administrative misconduct, could also impact our executives' ability to perform their duties or restrict our ability to contract with the government and access tax benefits and significantly harm our reputation and business.

Furthermore, the Public Prosecutor's Office and environmental agencies may initiate administrative procedures to investigate possible environmental damages caused by our activities, which may lead to recommendations, "conduct adjustment agreements" and/or general "terms of commitments" with the relevant authorities, assuming specific obligations for a determined period. Non-compliance with these terms could result in fines, enforcement, and filing of lawsuits.

Finally, parliamentary inquiry commissions and regulatory and oversight bodies, such as the State Audit Court (*Tribunal de Contas do Estado de São Paulo* – TCE), the National Water and Sanitation Agency (*Agência Nacional de Águas e Saneamento Básico* – ANA) and ARSESP, may scrutinize our operations, processes, contracts, procedures, and partnerships. Investigations or unfavorable decisions may (i) restrict our ability to conduct our business; (ii) require us to make payments that have not been provisioned for; (iii) affect the continuity or profitability of our service lines; (iv) prevent or delay the execution of our projects as initially planned;; and (v) prohibit us from entering into contracts with the public administration to receive fiscal incentives and benefits and access financing and resources. Furthermore, such bodies may initiate processes including judicial, administrative and arbitral proceedings, which may lead to unfavorable decisions and adversely affect our business, financial situation, and reputation. For more information, see "Item 8.A. Consolidated Financial Statements and Other Financial Information—Legal Proceedings" and Note 22 to our 2024 Consolidated Financial Statements included in this annual report.

We are subject to anti-corruption, anti-bribery, anti-money laundering, sanctions and antitrust laws and regulations. Our violation of any such laws or regulations could have a material adverse effect on our reputation, our results of operations and our financial condition.

We are subject to anti-corruption, anti-bribery, anti-money laundering, sanctions, antitrust and other similar laws and regulations. We are required to comply with the applicable laws and regulations of Brazil and the U.S. Foreign Corrupt Practices Act ("FCPA"), and we may become subject to similar laws and regulations in other jurisdictions. The existence of any investigation, inquiry or proceeding of an administrative or judicial nature related to the violation of any of these laws or regulations, in Brazil or abroad, for acts against the public administration by our affiliates or subsidiaries, managers, employees or any third parties acting on our behalf, may result in the application of sanctions, which may include (i) administrative, civil or criminal fines and indemnities (the latter applicable to the directors who participated in the infraction); (ii) an obligation to repair the damage caused; (iii) a criminal conviction; (iv) the loss of the benefits or assets illicitly obtained; (v) partial or full suspension of activities; and (vi) a prohibition on entering into contracts with the government or receiving tax or credit benefits or incentives. There can be no assurance that our internal policies and procedures will be sufficient to prevent, detect and timely implement corrective measures in relation to any unlawful and inappropriate practices, fraud or violations by our employees, officers, executives, partners, agents and service providers, nor that any such persons will not take actions in violation of our policies and procedures.

From time to time, we receive or become aware of complaints or allegations of potential breaches of applicable anti-corruption, anti-bribery or other laws and regulations or our internal policies and procedures (including our procurement processes) through our whistleblower channel or other internal or external sources. Our internal audit team processes these complaints or allegations, and our audit committee may engage outside counsel to investigate given the nature of the complaints or allegations. The findings of our internal audit team and any outside counsel are reported to

our audit committee. These complaints or allegations under the supervision of our audit committee, may lead to formal government inquiries or investigations and harm to our reputation.

If we or any of our subsidiaries, directors, officers, employees, partners, agents, service providers or other persons are deemed or perceived to have engaged in activities violative of applicable laws, regulations or internal controls or procedures, we could become subject to government enforcement actions, penalties, damages, fines and sanctions, as well as events of default or prepayment events under our outstanding indebtedness, that could result in a material adverse effect on our reputation, business, our ability to obtain financing for our business, our financial condition, our results of operations and the market price of our common shares and ADSs.

Our business is subject to cyberattacks and security and privacy breaches.

Our business involves the collection, storage, processing and transmission of customers', suppliers and employees' personal or sensitive data. We also use key information technology systems for controlling water, sewage and commercial, administrative and financial operations. Cybersecurity threats, including hacking, malware, and system vulnerabilities, could compromise our confidential information, disrupt operations, or cause financial and reputational harm. The evolving nature of cyber threats makes them difficult to detect and prevent, and attacks may originate from well-funded, sophisticated actors.

The techniques used to obtain unauthorized, improper or illegal access to our systems, our data or our customers' data, to disable or degrade service, or to sabotage systems are constantly evolving, and it may be difficult to detect quickly, and often are not recognized until launched against a target. Unauthorized parties may attempt to gain access to our systems or facilities through various means, including, among others, hacking into our systems or those of our customers, partners or vendors, or attempting to fraudulently induce our employees, customers, partners, vendors or other users of our systems into disclosing usernames, passwords or other sensitive information, which may in turn be used to access our information technology systems. Certain efforts may be supported by significant financial and technological resources, making them even more sophisticated and difficult to detect.

Our information technology and infrastructure may be vulnerable to breaches due to human error, system failures, or third-party security lapses. Any actual or perceived breach of our security could interrupt our operations, result in our systems or services being unavailable, result in improper disclosure of data, materially harm our reputation and trademark, result in significant legal and financial exposure, lead to a loss of customer confidence in our products and services, and adversely affect our business, financial condition or results of operations. In addition, any breaches of network or data security at our suppliers (including data center and cloud computing providers) could have similar negative effects. Actual or perceived vulnerabilities or data breaches may lead to claims against us.

On October 16, 2024, we were subject to a cyberattack, which caused instability in our digital network, leading to some non-critical systems being unavailable for a few days and exfiltration and publication of non-sensitive information and low sensitive information. We immediately took all security and control measures and put into practice a plan to restore the affected systems. Following the attack, we engaged experienced external advisors to investigate the cyberattack and we also duly notified the Brazilian Data Protection Authority ("ANPD") in accordance with applicable law. Our ability to maintain water supply and sewage collection and treatment operations was unaffected. We cannot guarantee that the protections we have in place to protect our operating technology and information technology systems are sufficient to protect against future cyberattacks and security and privacy breaches. For more information, see "Item 16.K. Cybersecurity."

Failure to comply with the LGPD or any further privacy and data protection laws enacted in Brazil could adversely affect our reputation, business, financial condition or results of operations.

We are subject to data privacy laws, including Law No. 12,965/2014 ("Brazilian Internet Act") and Law No. 13,709/2018 ("Brazilian General Data Protection Law" or "LGPD") and their related regulations, including regulations to be enacted by the Brazilian National Data Protection Authority ("ANPD").

The LGPD governs the collection, use, processing, storage, and disposal of personal data, in Brazil across all economic sectors, applying to both the digital and physical environment.

The ANPD oversees compliance with the LGPD, including issuing regulations, conducting investigations, and enforcing administrative sanctions.

Failure to comply with the LGPD, especially regarding ensuring data subjects' rights, providing clear information about our personal data processing activities, adhering to the original purpose of data collection, observing legal data storage periods, and implementing required security standards, may result in penalties, including warnings, mandatory disclosures, data processing suspensions, and fines of up to 2% of revenue in Brazil (capped at R$50.0 million per violation). Additionally, violations may lead to lawsuits, consumer protection penalties provided for in the Consumer Defense Code (Law No. 8078/1990) and the Brazilian Internet Act, and reputational harm.

We cannot guarantee that our personal data processing activities will always be secure and will not be subject to fines and other types of sanctions. The application of penalties, publicizing of infractions or obligations to compensate for failures in the protection of personal data or compliance with the LGPD could adversely affect our reputation, and our results and, consequently, the value of our common shares and ADSs.

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Our failure to protect our intellectual property rights may negatively impact us.

We own and license from third parties several intellectual property assets, including trademarks, patents, software, copyrights, and domain names. Therefore, we rely on intellectual property laws and registration authorities in Brazil and abroad, as well as on license agreements, to protect our intellectual property.

Events such as the rejection of patent applications or trademark registrations by the National Institute of Industrial Property ("INPI"), or the unauthorized use or other improper appropriation of our intellectual property assets, especially the "Sabesp" trademark and related brands, can diminish the value of our brands or affect our reputation. Furthermore, we cannot guarantee that the measures taken to protect our intellectual property rights will be sufficient against potential illicit actions by third parties. Similarly, third parties may claim that our products or services, or even our intellectual property assets, violate their intellectual property rights.

Any dispute or litigation related to intellectual property assets, even if it concerns assets of low relevance to our operations, can be costly and time-consuming. Therefore, any situation that affects the protection of our intellectual property assets may have adverse impacts on our business.

Additionally, we entered into licensing agreements for certain technologies essential to the development of our operations, such as software licensing agreements. If we are unable to renew or maintain the licenses for the necessary intellectual property rights, we may face difficulties in replacing these technologies. Furthermore, if we continue to use these technologies without the necessary licenses, the holders of these intellectual property rights may demand that we cease using such rights and seek compensatory damages.

Furthermore, third parties may claim that the products and/or services we provide infringe their intellectual property rights. Any alleged violation or infringement of intellectual property rights against us may result in costly and time-consuming litigation and, consequently, adversely affect our operational results. If we are not successful in defending against potential claims or reaching settlements, we may be required to pay damages, cease the use of third-party intellectual property, or enter into licensing agreements on unfavorable terms.

Industrial accidents, equipment failure, environmental hazards or other natural phenomena may adversely affect our operations, assets and reputation and might not be covered by our insurance policies.

Currently, we substantially withdraw our water supply from surface sources from rivers and reservoirs, with a small portion being withdrawn from groundwater. Our reservoirs are filled with impounding water from rivers and streams, by diverting the flow from nearby rivers, or by a combination of both methods. As of December 31, 2024, we had 30 large-scale reservoirs which are classified under Brazilian dam safety legislation and which may have associated potential damages. Our operations may be hampered by numerous factors, including unexpected or unusual geological and/or geotechnical operating conditions, industrial accidents, floods and/or droughts or other environmental occurrences that could result in structural damages and eventually rupture of our reservoirs, dams and other facilities or equipment.

Our water and sewage pipes are susceptible to degradation caused by factors such as aging, intense traffic, interventions resulting from disorderly urban planning and action by other companies, which may provoke accidents in the networks, increasing the risk of physical loss of water and leakage of sewage, which could affect the regular provision of our services, impacting our customers, the society and the environment. Regarding sanitary sewage, our sewage pipes may also be obstructed due to misuse resulting from the improper release of solid waste and rainwater in the sewage systems, which could also lead to the risks mentioned above.

In particular, the increasing degradation of our water sources (*mananciais*) may affect the quantity and quality of water available to meet demand from our customers. For more information, see "Item 4.B. Business Overview—Description of Our Activities—Water Operations—Water Distribution" and "Item 4.B. Business Overview—Description of Our Activities—Sewage Operations—Sewage System."

The occurrence of any of these events could lead to personal injury or death, adverse social impacts on the communities located near our facilities, monetary losses and possible legal liability arising from environmental and social damages, other environmental and social damages, the loss of prime materials, substantial financial costs potentially not covered by insurance and damage to our reputation. For more information, see "Item 4.B. Business Overview—Water Operations—Water Resources."

Our insurance policies may not cover or may be insufficient to cover claims which may arise.

Due to the high premiums associated with insurance policies and other factors relating to our risk management, it is not always possible to obtain insurance against all types of risks and liabilities associated with our activities and related assets. We cannot guarantee that our existing insurance policies are adequate and sufficient for all circumstances that may arise or against all inherent risks and for amounts that cover all the losses we may occur.

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If a claim is not covered by our insurance policies, or if damages exceed the policy limits, we may incur additional costs for the repair or replacement of damaged assets or for compensation to third parties, which could adversely affect our results of operations and reputation. Furthermore, for insured events, coverage is contingent upon the payment of a premium; failure to pay such premium, coupled with the occurrence of an event giving rise to a claim, could put us at further risk, as damages - even if insured - would not be covered by the insurer.

We cannot guarantee that we will be able to renew our existing insurance policies at reasonable rates, and if renewed, we cannot guarantee that they will be renewed under the same conditions and coverage originally acquired, or at reasonable commercial rates, or on acceptable terms, whether in terms of costs or coverage.

Losses caused by events not covered by insurance, or partially covered, may cause us to incur significant costs and the resources available to maintain our current activities and allocated towards our expansion activities will be reduced, which could ultimately have a material adverse effect on our financial performance and operating results.

We cannot guarantee that our third-party suppliers and/or service providers will not become involved in any irregular practices.

Our internal controls, corporate policies and procedures, Code of Conduct and Integrity and compliance program may not be sufficient to prevent irregularities in the operations of third-party suppliers and/or service providers. We have no control over and cannot guarantee that certain of our third-party suppliers and/or service providers will not experience labor-related issues or issues related to environmental legislation and sustainability and, if such third-party suppliers or service providers do so, we may suffer financial losses, damage to our image and, consequently, reduce the value of our common shares and ADSs.

In addition, if our third-party suppliers and service providers fail to comply with their labor or environmental obligations and laws related to social security and the environment, we may be held subsidiary and/or jointly liable for such non-compliance, which may result in fines, obligation to pay the amounts in question and other sanctions that may substantially and negatively affect us. We may also be held liable for the bodily injury or death of employees of third parties who are providing services to us within our facilities or for environmental damages caused, which may adversely affect our reputation and business.

Furthermore, if our third-party suppliers and/or service providers act in breach of ethical business practices and fail to comply with applicable laws and regulations, such as any laws against child or slave labor or environmental protection, our reputation could be adversely affected, as could negative publicity or the imposition of joint or several liability.

Our financial and operating performance may be adversely affected by epidemics, natural disasters and other catastrophes.

Our financial and operating performance may be adversely affected by the outbreak of pandemics, as well as other catastrophes and health epidemics on a regional or global scale. Such outbreaks may result, at different levels, in the adoption of governmental and private measures, including restrictions, as a whole or in part, on the circulation and transportation of persons, goods and services and consequently, in the closure of private establishments and public offices, interruptions to the supply chain, reduction of consumption in general by the population and increased intervention in their economies.

In addition, the occurrence of any of these adverse events may increase delinquencies which can negatively impact our results of operations. Our allowance for doubtful accounts decreased by 14.6% for the year ended December 31, 2024 compared to the year ended December 31, 2023 and decreased by 16.5% for the year ended December 31, 2023 compared to the year ended December 31, 2022.

Epidemics, natural disasters and other catastrophes may have a negative and significant effect on the world economy and on Brazil’s economy, and include or may include reduction in the level of economic activity; currency devaluation and volatility; increase in the fiscal deficit and constraints to the capacity of the Brazilian government or state governments to make investments and payments and to contract services or acquire goods; delays in judicial, arbitral and/or administrative proceedings; imposition, even if only temporarily, of a more onerous tax treatment of our business activities; decrease the liquidity available in the international and/or Brazilian market; and volatility in the price of raw materials and other inputs, among other effects.

We cannot assure that the occurrence of any of these events and their duration may have material adverse effects on our operating results and financial condition, as well as the trading price of our common shares and ADSs.

If we are not successful in addressing issues related to the occupational health and safety of our employees and the facilities where we conduct our activities, our results and operations could be adversely affected.

Our operations are subject to extensive federal, state and municipal legislation on occupational health and safety, the implementation of which is overseen by government agencies. Failure to comply with these laws and regulations may result in administrative and criminal penalties, as well as legal repercussions in the labor, civil, tax and/or criminal spheres. There is a possibility of accidents involving our employees and outsourced workers if the technical and legal recommendations are not properly adopted.

The provision of sanitation and waste management services, including the handling of chemicals and hazardous waste, involves operational risks such as equipment defects or malfunctions, problems in training professionals, failures and natural disasters and other unexpected occurrences, which may result in accidents involving our employees, or the need to shut down or reduce the operation of our facilities while corrective actions are taken.

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We also need to meet a quota for people with disabilities, which varies from 2% to 5% depending on the total number of employees, and we need to adapt our facilities to provide accessibility and reasonable accommodation for these employees. If we do not comply with these quotas, fines may be imposed by the competent authority, in accordance with the Brazilian Law on the Inclusion of People with Disabilities (Law No. 13,146/2015, as amended) and Law No. 8,213/1991, as well as possible legal proceedings filed by labor authorities seeking compliance with said quota and the potential payment of collective moral damages.

If any of our assets are deemed assets dedicated to providing an essential public service, they will not be available for liquidation and will not be subject to attachment to secure a judgment.

A substantial portion of our assets, including our sewage treatment facilities, could be deemed by Brazilian courts to be related to the provision of essential public services. Accordingly, these assets would not be available for liquidation or attachment. In either case, these assets would revert to the relevant municipalities pursuant to Brazilian law and the applicable concession agreements. We cannot assure you that any indemnity we receive for such assets would be equal to the market value of the assets or sufficient to reimburse the investments made by us in such assets, which could adversely affect our financial condition.

Strikes, work stoppages or labor unrest by our employees or by the employees of our suppliers or contractors could adversely affect our business.

We face strikes and work stoppages from time to time. Disagreements on issues involving changes in our business strategy, reductions in our personnel, as well as potential employee contributions and benefits, could lead to labor unrest. We cannot ensure that future strikes or work stoppages will not affect our operations or administrative routines.

Strikes, work stoppages, or other forms of labor unrest at our company or our subsidiaries or any of our major suppliers, contractors or their facilities could impair our ability to complete major projects and adversely impact the results of our operations, financial condition, and ability to achieve our long-term objectives. For further information regarding strikes, labor unions and work stoppages, see “Item 6.D. Directors, Senior Management and Employees — Employees.”

We are subject to obligations regarding respect for the human rights of all of our stakeholders, which may result in additional costs and significant contingencies.

Social risks arise from the potential and actual adverse impacts of our business activities on the human rights of all stakeholders involved in our operations, including our employees, customers, suppliers, investors, and the local communities in which we operate, whether directly or indirectly connected to our activities.

It is essential that we ensure suitable working conditions for our employees, safeguarding their health, safety, and well-being, and ensuring their right to association and participation in union entities, in compliance with local laws and regulations. A workplace identified as hazardous, hostile, or discriminatory may result in legal contingencies and inhibit our ability to attract and retain talent, negotiate with labor unions, prevent incidents of health and safety at work, and drive innovation.

Similarly, if we do not undertake structured and integrated long-term planning initiatives to promote diversity, equity, and inclusion in respect of our workforce and management and leadership, we may face scrutiny and possible judicial challenges.

There is no guarantee that we will successfully manage these social risks in accordance with all national and international parameters and guidelines, which could potentially harm our results of operations and reputation.

If we do not remedy the material weakness in our internal controls, the reliability of our financial statements may be materially affected.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for evaluating and reporting on the effectiveness of our system of internal control. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance IFRS Accounting Standards. As a public company, we are required to comply with the Sarbanes-Oxley Act and other rules that govern public companies. In particular, we are required to certify our compliance with Section 404 of the Sarbanes-Oxley Act, which requires us to furnish annually a report by management on the effectiveness of our internal control over financial reporting. In addition, our independent registered public accounting firm is required to report on the effectiveness of our internal control over financial reporting.

A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements would not be prevented or detected on a timely basis. In the course of completing our assessment of internal control over financial reporting as of December 31, 2024, we did not design or maintain effective internal control due to material weaknesses identified as of that date. These weaknesses were related to the design, implementation, and monitoring of general information technology controls (ITGCs) in the areas of programme change management and user access, which impacted business processes. Additionally, there were deficiencies in the design and implementation of controls over the completeness and accuracy of reports and spreadsheet parameters (Information Produced by Entity - IPE), as well as in the design of controls for new risks arising from business process changes, including ITGCs, segregation of duties, and personnel changes. These deficiencies in financial statements could potentially lead to significant errors in account balances or disclosures. Therefore, management concluded that these deficiencies constitute material weaknesses. The material weaknesses did not result in any identified misstatements to the consolidated financial statements and there were no changes to previously released financial results. Although these material weaknesses did not result in any material misstatement of our consolidated financial statements for the periods presented, they could lead to a material misstatement of account balances or disclosures. Accordingly, management has concluded that these control deficiencies constitute material weaknesses.

Our internal controls department is responsible for overseeing the implementation of action plans and reports periodically to the Board of Directors and the Audit Committee. If our future efforts are not sufficient to remedy all the inconsistencies identified, we could continue to experience material weaknesses in our internal controls in the future. Any such material weaknesses could adversely affect our ability to accurately prepare our financial statements, which may result in a restatement of our historical financial statements or in misstatements in our future financial statements and, consequently, adversely affect our business and financial condition. See "Item 15—Controls and Procedures" for further details.

Transactions with related parties, including as part of our Privatization, may not have comparable market terms available and may not be entered into on an arm's length basis, which could expose us to lawsuits and affect our financial results.

We were a company controlled by the State of São Paulo and certain transactions that we entered into with companies controlled by the State of São Paulo or governmental entities have no comparable market terms available. Additionally, we cannot guarantee that these transactions have been entered into on an arm's length basis. This risk remains even following our Privatization as the State of São Paulo remains our significant shareholder.

Furthermore, we must comply with Brazilian antitrust and competition regulations, as well as with the disclosure requirements of the CVM, the SEC, and the stock exchanges on which our securities are listed. Any noncompliance with applicable requirements relating to related party transactions could adversely affect our financial condition, may result in regulatory penalties and may expose us to lawsuits from third parties.

Risks Relating to Suppliers

Any interruptions in the supply of electricity and water may adversely affect our operations.

Electricity and the price we pay for it have a significant impact on our operating results. Any material interruptions in the supply of energy could have a considerable negative effect on our activities, financial condition, results of operations and prospects.

The Brazilian power generation system is based on hydro, thermal, wind and solar energy, with the majority of energy being produced by hydroelectric powerplants. It is not possible to predict rain patterns in the future. Increases in the price of energy could have a material impact on our business, financial condition, or results of operations. Moreover, electricity shortages could lead to instability in water supply and sewage collection and treatment services, which could adversely affect our reputation and operations. Additionally, as one of the largest electricity consumers in the State of São Paulo, a potential increase in electricity tariffs due to a shortage of hydroelectric power could have a significant financial impact on us.

Finally, adverse weather conditions and continuous droughts can interrupt the electricity supply and may impact our distribution of water and prevent us from providing water to our customers and perform our obligations in accordance with the terms of our concession agreements. For more information, see "Item 4.B. Business Overview—Energy Consumption."

Our business may be adversely affected by reliance on services and products from third-party suppliers.

We rely on third parties to supply services, products and equipment used in our facilities. If these third parties fail to comply with deadlines or contractual conditions, we may be adversely affected by any delays or higher costs and penalized for any resulting failure by us to perform a necessary service to the population. If we have to turn to other suppliers to cover any shortfall, changes in market conditions may significantly increase the cost of projects or operations, making them unfeasible, which may have an adverse effect on our results of operations and financial results.

The ability of these third parties to fulfill their obligations may be adversely affected by financial or economic crises or other factors. In addition, several supply chain risks, such as strikes or lockouts, loss of or damage to equipment or its components while in transit or storage, natural disasters, contagious diseases that prevent free circulation, or war, may limit the supply of products and/or equipment used in our operations and facilities. Further, the imposition of the Universalization Targets may adversely affect the availability of third-party services and the supply of products and equipment, as the entire sanitation industry is looking to comply with these targets.

In some cases, there are only a few suppliers for products we use, such as polyethylene and concrete pipes, chlorine, sodium hypochlorite, ferric chloride, and fluosilicic acid. There are also highly specialized micro-tunneling contractors that we use in the expansion projects of some of our facilities, as well as suppliers for information systems platforms that we use in our commercial, financial and administrative processes.

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If any supplier or contractor discontinues the production or sale of its products and services, we may not be able to purchase these products and services from other suppliers for the same price or on the same terms. In this case, the provision of our services or our ability to maintain our commercial, financial and administrative processes may be significantly jeopardized, which could adversely impact our financial condition and results of operations. Additionally, the Universalization Targets for sanitation could lead to a shortage of raw materials and affect the capacity of current hydrometer suppliers to meet our future demand.

Risks Relating to Our Clients

We are owed some substantial unpaid debts. We cannot assure you as to when or whether we will be paid.

Historically, the State of São Paulo and some State entities have delayed payment of substantial amounts related to water and sewage services owed to us. As of December 31, 2024, the State of São Paulo owed us R$123.1 million for water and sewage services. Additionally, the State of São Paulo also owes us substantial amounts related to reimbursements of state-mandated special retirement and pension payments that we make to some of our former employees for which the State of São Paulo is required to reimburse us.

With respect to payment of pensions on behalf of the State of São Paulo, we had a disputed credit of R$1.7 billion as of December 31, 2024, recorded in the line item "disputed amount". We have not recorded this disputed amount as a reimbursement credit for actuarial liability due to the uncertainty of payment by the State of São Paulo, considering that the amount is under judicial discussion in a civil lawsuit filed on November 9, 2010, against the State of São Paulo. We also had an uncontested credit of R$1.0 billion which is recorded as related-party receivables, recorded in the line item "undisputed amount". For further information, see Note 11 of our 2024 Consolidated Financial Statements.

In addition, as of December 31, 2024, we recorded a provision for an actuarial liability of R$1.9 billion with respect to future supplemental pension payments for which the State of São Paulo does not accept responsibility. For further information, see Note 11(v) of our 2024 Consolidated Financial Statements.

In addition, certain municipalities and other government entities also owe us payments. We cannot assure you when or if the State of São Paulo and such municipalities will pay the contested credits, which are still under discussion, and the remaining overdue amounts they owe us. The amounts owed to us by the State of São Paulo, municipalities and other government entities for water and sewage services and reimbursements for pensions paid may increase in the future, given that we are currently making some payments on behalf of the State of São Paulo.

Risks Relating to Our Management

We depend on the technical qualifications of the members of our management, and we cannot guarantee that we will be able to maintain them or replace them with suitable individuals.

Part of the success of our operations and the implementation of our strategy depends on the knowledge, skills and efforts of our management and certain key employees. If the members of our management or key employees choose to no longer participate in the management of our business and/or resign, we may not be able to find skilled professionals to replace them. The New Legal Framework for Basic Sanitation set a target of December 31, 2033 for

the universalization of water and sewage services in Brazil. However, in relation to the Concession Agreement for URAE-1, this date was brought forward to December 31, 2029. The increase in companies operating in our industry, as a result of the New Legal Framework for Basic Sanitation, may lead members of our management or other professionals to leave us. The loss of members of management and key employees, as well as the difficulty in hiring professionals with similar expertise and experience, could have a negative effect on our results of operations, financial condition and our reputation.

Risks Relating to the Regulatory Environment

Pursuant to the New Legal Framework for Basic Sanitation, ANA will be responsible for issuing reference standards. Any non-compliance will prevent municipalities or operators from accessing financings and public resources managed or operated by the Brazilian government.

According to Federal Law No. 11,445/2007 and Federal Law No. 9,984/2000, both modified by the New Legal Framework for Basic Sanitation on Federal Law No. 14,026/2020, ANA can issue reference standards (guidelines) for how subnational regulatory agencies should regulate certain topics in the sector. Consequently, ANA's reference standards can apply to the basic sanitation sector nationwide, setting the guidelines for regulation and supervision by the regulatory entities at the state, municipal, and district levels, and ensuring regulatory uniformity in the sector and legal certainty for the provision and regulation of the service.

Nevertheless, the application of the reference standards is not mandatory *a priori*. The New Legal Framework for Basic Sanitation provided that the access to financing and public resources managed or operated by the Brazilian government depends on compliance with the reference standards, by the sanitation service titleholders, service providers, and the subnational regulatory agencies, such as ARSESP. Accordingly, there is an incentive for adherence to these reference standards. If ARSESP and/or any other regulatory agency responsible for overseeing and supervising the services provided by us do not adopt ANA's reference standards, we will be ineligible for federal funding. In this case, we would be unable to execute financing agreements with federal public banks. Access to federal funding is also contingent upon compliance with the additional requirements established in Article 50 of the New Sanitation Legal Framework.

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Moreover, Federal Decree No. 11,468/2023 created the National Secretariat for Environmental Sanitation, linked to the Ministry of Cities, with several competences, including: (i) coordination of the implementation of the Federal Basic Sanitation Policy in Brazil; (ii) proposition of national guidelines for financing the sanitation sector; and (iii) definition of guidelines for the preparation of reference standards.

Non-compliance by any municipalities with the reference standards could adversely affect our activities, especially as we and any non-complying municipalities would be prevented from accessing public resources from the Brazilian government.

We are exposed to risks associated with the Concession Agreement for URAE-1, which may materially impact our financial condition and operating results.

Pursuant to the Concession Agreement for URAE-1 and the internal regulations of the URAE-1 deliberative council, any municipality may withdraw from the Concession Agreement for URAE-1. The withdrawal of a municipality, particularly one that generates a significant portion of our revenue—such as the city of São Paulo—could have a material adverse effect on our business and results of operations. Moreover, we may not be able to meet the targets, performance indicators, and other obligations stipulated in the Concession Agreement for URAE-1, potentially leading to the imposition of penalties against us. If we do not comply with the Universalization Targets, non-compliance may result in a reduction of the tariff adjustment index, potentially leading to tariff increases being below prevailing annual inflation rates. Failure to achieve contractual targets may have a material adverse impact on our results of operations and financial condition, and we cannot assure compliance with all contractual targets within the prescribed deadlines.

Pursuant to the Concession Agreement for URAE-1, we are responsible for the contractual risks assigned to it, including: (i) failure to contract or inadequate/insufficient contracting of performance guarantees; (ii) failures, errors, or omissions in the engineering projects necessary for investment execution, including execution methodology and/or technology used by us, or in the surveys that supported them; (iii) costs arising from obsolescence, instability, and malfunctioning of the technology employed by us in our services; (iv) shortfalls or fluctuations in tariff revenue; and (v) any issues, of any nature, arising from our relationship with our contractors, among others. If any of these risks materialize, we will not be entitled to an economic-financial rebalancing of the contract and may consequently face increased costs and/or reduced revenues, potentially impairing our ability to fulfill targets set out in the Concession Agreement for URAE-1, which could impact our results of operations and financial condition.

Furthermore, as ARSESP is responsible for implementing tariff adjustments and conducting periodic and extraordinary reviews of the Concession Agreement for URAE-1, we cannot guarantee that ARSESP will approve tariff adjustments in a timely manner or accept the imbalance events presented by us during periodic and extraordinary

reviews. Any refusal and/or delay in applying tariff adjustments or any failure to restore the contractual economic-financial balance may impact our results of operations and financial condition.

Finally, URAE-1 may, at any time and in the public interest, take over the services or part of them, provided that a prior law authorizing them to do so is enacted and compensation is paid to us in advance. Although, we will receive compensation in such an event, and we also struggle to find other concessions or other investment opportunities to redeploy our funds and for which we will obtain similar tariffs, which could adversely affect our results of operations, financial condition and reputation in the market.

In addition to taking over the services, URAE-1 may also declare the termination of the Concession Agreement for URAE-1 if we commit a serious violation of the Concession Agreement for URAE-1 and such violation is recognized by ARSESP through an administrative proceeding. Such a takeover of the Concession Agreement for URAE-1 and/or the declaration of termination, as well as the unsatisfactory resolution of compensation arising from the early termination of the Concession Agreement for URAE-1 before its contractual term, could have a material adverse effect on our results of operations, financial condition and reputation in the market, as well as the trading price of our common shares and ADSs. For more information, please see "Item 4.B. Business Overview—Tariff Readjustments and Reviews—Economic-regulatory model in the draft Concession Agreement for Public Water Supply and Sanitation Services for the URAE-1 Southeastern region".

If we do not meet the targets established by the Concession Agreement for URAE-1, our tariff adjustments might be reduced, which could materially adversely affect our business, financial condition, or results of operations.

The New Legal Framework for Basic Sanitation set a target of December 31, 2033 for the universalization of water and sewage services in Brazil. However, in relation to the Concession Agreement for URAE-1, this date was brought forward to December 31, 2029 for us following our Privatization.

In addition to anticipating the Universalization Targets, rural areas and consolidated informal centers were included in our service area. The terms of the Concession Agreement for URAE-1 also introduced a new set of targets to be reached simultaneously. Compliance with the new set of targets will be verified on an annual basis by an independent party, with the approval of ARSESP.

Although much of the effort to achieve these targets falls on us, there are imponderable elements that are beyond our control, and which could affect our ability to achieve these targets – such as, for instance, delays in issuing environmental licenses and municipal authorizations to carry out construction works, processes for vacating areas of interest, the possible finding of archaeological sites, among others. If we do not meet the targets pursuant to the Concession Agreement for URAE-1, the tariff adjustment index (*Índice de Reajuste Tarifário* – IRT) could be reduced through the application of the Universalization Factor ("Factor U"), which could materially adversely affect our business, financial condition, or results of operations.

The granting/contracting authorities may terminate contracts before they expire in certain circumstances. The indemnification payments we receive in such cases may be less than the value of the investments we made, or may be paid over an extended period, adversely affecting our business, financial condition, or results of operations.

The granting/contracting authorities that entered into concession agreements with us, such as the URAE-1 and the municipality of Olímpia, or pursuant to individual agreements, have the right to terminate our contracts early if we fail to comply with our contractual or legal obligations (forfeiture or "*caducidade*"), or if they decide to resume the services based on public interest (*encampação*). In the case of forfeiture, we are entitled to indemnification for any unamortized or undepreciated assets, though compensation will only be paid after an administrative process, in which we will have the opportunity to present our defense for maintaining the contract and discuss the amount to be paid as compensation for the unamortized assets. It is not possible to predict how long such an administrative process will take, nor whether we will receive the compensation we believe we are owed. Other penalties may also apply, such as the suspension of our right to participate in government bidding processes. In the second scenario (*encampação*), indemnification must be paid prior to the contract termination, and it will also cover any assets not amortized or depreciated. The granting authority must demonstrate that it is no longer in the public interest to continue the concession contract through the approval of a law.

In both cases, public entities must indemnify us for any unamortized or undepreciated investments. The New Legal Framework for Basic Sanitation assigns ANA the authority to issue a reference standard regarding the methodology for calculating indemnities for investments made and not yet amortized or not depreciated. On April 16, 2024, ARSESP published Resolution No. 1,515/2024, which established the methodology and criteria for the reversal and possible indemnification of assets at the end of the concessions in the sanitation sector (water supply and sewage services) in the State of São Paulo under the supervision and regulation of ARSESP.

However, the deliberative council for URAE-1 is responsible for any decisions related to the early termination of the URAE-1 Concession Agreement.

We cannot prevent any granting authorities from terminating our contract early based on the events above described. If this occurs and we do not receive adequate indemnification for our investments, or the indemnification is paid over an extended period, our business, financial condition, or results of operations may be materially adversely affected. We also cannot predict the effects that ANA or ARSESP's methodology may have on our business, as it is possible that the indemnification payments may be lower than the remaining value of the investments we made. Additionally, municipalities may refuse to pay indemnification voluntarily, potentially leading to judicial disputes. In such cases, there is a risk that judicial decisions could result in indemnification being set at a lower value or deemed undue. Finally, it is important to highlight that we are a party to proceedings related to indemnification issues regarding the resumption of water supply and sewage collection services by certain municipalities. For more information, see "Item 3.D. Risk Factors—Risks Relating to Environmental Matters and Physical and Climate Transition Risks".

If the water from our water sources (mananciais) does not meet our water treatment conditions, we may have to interrupt the water treatment process until we are able to treat the water or to substitute the supply of water from another water source.

Our water supplies are potentially subject to contamination by sewage infiltration into our water distribution networks, which can alter their quality. If this occurs, we do not distribute the contaminated water and maintenance and disinfection is carried out in the distribution network, which generates additional costs for our business.

In addition, water sources may possibly be contaminated by third parties through irregular or accidental dumping of large quantities of pollutants affecting the final quality of the water and impact the result for the quality of services factor (Factor Q - ICAD) on tariff adjustment.

Risks of contamination in our distribution system include potential failures in network maintenance procedures, which may carry unwanted material to the supply network. If we are found liable for water contamination resulting in human exposure to hazardous substances, we could face administrative, civil and/or criminal enforcement actions, litigation, and other proceedings or obligations to remediate environmental damages and compensate affected individuals. Such incidents could also significantly harm our reputation. Environmental remediation and compensation typically involve significant costs and may last several years. Additionally, claims or complaints from residents or communities near our sites may have adverse effects on our business, reputation or ability to obtain funding, especially from multilateral institutions. Residents or communities may have claims or complaints against us if they believe that our activities may be harming their health or well-being. Failure to effectively manage these claims could adversely affect our results of operations, financial condition, and reputation.

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Furthermore, cleaning up water sources can be costly and if we are required to do so, it could have a material and adverse effect on our business, results of operations and financial condition. If our water supply fails to meet treatment standards, we may have to interrupt or stop the use of that water supply until we can treat the water or replace it with water from another source. Adapting the treatment process, either by expanding current facilities or developing new methods, could incur significant costs. Using a more distant water source may also result in increased expenses. Additionally, if we need to interrupt the water supply, we will have to notify our consumers, further impacting our operations.

Additionally, the increase in the population density of the contributing basins is another factor that may reduce the availability of raw water. Any decrease in the amount of raw water available to us could have a negative effect on our financial results and activities.

Water and sewage treatment involve environmental risks in the event there is a system failure. For example, if there is an overflow in a sewage treatment plant, the sewage could impact neighboring areas or even natural water resources, which could have a material adverse effect on our reputation, financial condition and results of operations. In addition, sludge, a byproduct of the sanitation process, needs to be disposed of appropriately in order to prevent harm to the environment. In some cases, the landfills in which the sludge is deposited are not located in the same municipalities as the water and sewage treatment facilities and, therefore, we are required to transport the sludge to the closest landfill, which increases the risk of contamination. Furthermore, some landfills may stop operating, which may increase our operating costs. These events could also lead to environmental liabilities in the administrative, criminal and civil spheres, as mentioned above.

Any of the above events could have a material adverse effect on our results of operations, financial condition, cash flow, liquidity, and reputation.

Risks associated with the collection, treatment and disposal of wastewater and the operation of water utilities may impose significant costs that may not be covered by insurance, which could result in increased insurance premiums.

The wastewater collection, treatment and disposal operations of our utilities are subject to substantial regulation and involve significant environmental risks. If collection or sewage systems fail, there are pipe leaks, bursts, overflow or our systems do not otherwise operate properly, untreated wastewater or other contaminants could spill onto nearby properties or into nearby streams and rivers, potentially causing damage to persons or property, injury to the environment including aquatic life and economic damages, which may not be recoverable in rates. This risk is most acute during periods of substantial rainfall or flooding, which are the main causes of sewer overflow and system failure.

Liabilities resulting from such damage could adversely and materially affect our business, results of operations and financial condition. In the event that we are deemed liable for any damage caused by overflow, losses might not be covered by insurance policies, and such losses may make it difficult to secure insurance with the same coverage and insured amounts in the future at acceptable insurance premium rates. Similarly, any related business interruption or other losses might not be covered by insurance policies, which would also make it difficult for us to secure insurance in the future at acceptable insurance premium rates.

We may also incur liabilities under environmental laws and regulations requiring investigations and recovery of environmental contamination at our properties or at off-site locations where there have been adverse environmental impacts. The discovery of previously unknown conditions, or the imposition of cleanup obligations in the future, could result in significant costs, and could adversely affect our reputation and financial condition, results of operations, cash flow and liquidity. Such remediation losses may not be covered by our current insurance policies, or the insured amount may not be sufficient and may make it difficult for us to secure the coverage as part of insurance policies in the future at acceptable insurance premiums with similar types of coverage and amounts.

We cannot guarantee that our existing insurance policies provide comprehensive coverage for all circumstances that may arise or for all inherent risks or that they would cover all potential damages claimed or that we will be able to renew our existing insurance policies or on what terms. The occurrence of a significant uninsured or uninsurable loss, in part or in full, or the failure of our subcontractors to comply with their indemnity obligations, may adversely affect our results of operations, financial condition and reputation.

We are exposed to risks of delays or failures in payments associated with the provision of water and sewage services.

According to our contracts, we are required to meet specific service targets and continue supplying water and sewage services to clients with overdue or irregular payments. In these situations, we cannot guarantee when payments for the services will be received. Meanwhile, we incur significant costs for providing these public services, like water abstraction and sewage discharge fees, and there is a risk we may not be able to fully pass these costs -on to our customers.

The tariffs charged by us may not be increased in line with the relevant charges or inflation adjustments and operating expenses, including taxes, or may not be increased in a timely fashion, due to legal and contractual restrictions that prevent us from passing on to our customers any increases in our cost structure. Reducing physical water losses caused by leaks and overflows primarily depends on investments made in leak detection and repairs, pressure management in distribution networks, operational improvements, and the renewal of the distribution network. Reducing levels of non-physical water losses (which result from unauthorized consumption (theft) or inaccurate measurement) depends mainly on investments made in the acquisition and installation of water meters, the re-registration of customers and combat of irregularities, such as illegal water connections. If we do not make sufficient investment in activities and projects to reduce our levels of water loss, we could be materially and adversely affected. These investments must mainly be aligned with the goals established in contracts with municipalities and the ideal levels of losses in supply systems.

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Furthermore, the New Legal Framework for Basic Sanitation establishes, among other things, that providers of public water supply and sewage services must meet qualitative and quantitative targets. Among these targets is the reduction of losses in the distribution of treated water. If we do not implement the necessary actions to reduce the loss rates, or if the projects aimed at reducing water loss levels do not produce satisfactory results, our cash flow, results of operations and financial condition may be adversely affected, and we may be penalized by the granting authority if we fail to meet the targets established in the relevant concession agreements related to losses. For more information about the New Legal Framework for Basic Sanitation, see “Item 4.B. Business Overview— The Basic Sanitation Law and the New Legal Framework for Basic Sanitation.”

Securing new concessions, new public-private partnerships and new acquisitions involve risks related to the integrations of the adjudicated or acquired businesses, the situation of the assets and the regularity of the operations related to the concessions.

There may be risks related to the new concessions, new public-private partnerships and to the contracts held by us, such as: (i) the assets related to the contract may be different from the description provided in the public bidding documents, in the public-private partnership contracts and in the other contracts; (ii) the absence of and/or the

irregularity of required environmental licenses; (iii) the absence of grants for the operation of wells; or (iv) land irregularities.

In addition, we may face difficulties transferring the assets related to the contracts, or they may be in a bad state, which may result in the need to incur additional investments. These irregularities make it difficult to enter or prevent us from entering into financing agreements with financial institutions, which may compromise the achievement of the targets originally included in our contracts.

Additionally, in the case of companies acquired by us, there may be delays in obtaining the consent of the granting authority or their creditors to confirm the change of control or we may not obtain such consents at all. Furthermore, other factors such as contingencies not identified during due diligence, lack of synergies, failure to integrate activities, among others, may arise. This could result in increased expenses for us and, as a result, impact our financial condition.

Our expansion strategy involves acquisitions, which may entail various risks and challenges.

As part of our strategy to expand our activities, we may undertake acquisitions from time to time, which will depend on several factors, including our ability to identify suitable companies or assets for acquisition, negotiate appropriate prices, integrate and maintain the quality of operations of the acquired companies or assets, obtain synergies from the integration of the acquired assets, and reduce costs while protecting ourselves from potential contingencies.

We may not achieve the expected gains from acquisitions, which could adversely affect our activities. If we select assets for acquisition that do not perform or integrate as expected, our results of operations and financial condition may be adversely affected.

Potential acquisitions may also require us to increase our debt or access to the financial and capital markets, including through the issuance of new shares and ADSs. This could lead to increased indebtedness and exposure, as well as dilution of our current shareholders' and ADR holders' ownership in our share capital. Acquisitions also pose the risk of exposure to the obligations and contingencies of the acquired companies or assets due to prior acts of management and previously incurred liabilities. The legal due diligence process conducted by us to evaluate the legal and financial situation of potential acquisition targets and any contractual guarantees or indemnities we may receive from our counterparties may be insufficient to protect or indemnify us against potential contingencies. If significant contingencies arise from such acquisitions, as well as any unidentified contingencies during these processes, they could adversely affect our activities, results of operations and financial condition.

Moreover, we could face setbacks during any acquisition process and, in general, such processes could divert the time and attention of our management team towards transitional or integration-related issues and away from other business needs.

Lastly, we are subject to potential scrutiny by authorities due to corporate reorganizations that we may undertake in connection with our acquisitions.

As of the date of this annual report we have not made any acquisitions, however, any failure or delay in implementing future acquisitions or other strategic investment operations could have a significant adverse effect on our business and results of operations.

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Risks related to encumbrances, which may adversely affect us in the event of default on the obligations guaranteed by our properties.

There may be risks in relation to some of our properties subject to encumbrances and legal restrictions, such as unavailability and easements (right-of-way).

According to real estate record certificates, some of our properties are burdened with unavailability, which is a temporary judicial measure that imposes significant restrictions on certain assets and a taxpayer's rights over such assets to ensure the compliance and payment of overdue taxes by the taxpayer before they can alienate, transfer, or use specific assets previously identified by the public treasury as debt collateral.

As a rule, the non-payment of debts leading to the declaration of unavailability may result in the forced sale of the properties, the proceeds of which will be used to pay the outstanding debts. In such cases, the new owners of the properties may request possession of the assets, which could require the relocation of activities carried out at these locations.

Furthermore, even if the debts which resulted in the declaration of unavailability have already been paid, the failure to cancel the encumbrance in the property registrations may hinder possible transactions or operations involving such properties in the future.

Additionally, some of our properties are encumbered by easements. In case the existing easements are not being respected, the respective beneficiaries can demand that their area be vacated and enforce the real right of such easements, as well as the losses and damages incurred, such as payment of fines and compensation for any damages

caused by non-compliance with the real right. Additionally, the beneficiaries may file a lawsuit to ensure their right of way is respected.

Non-payment of the amounts that generated the unavailability may lead to the forced sale of the properties, and the proceeds of any sale would be used to pay the outstanding debts. In these cases, the new owners of the properties may seek possession of the assets, which could lead to the need to relocate the activities carried out in these locations.

If we are unable to obtain or renew environmental permits and/or licenses, we may be subject to fines and the closure of any irregular facilities, with the interruption of activities carried out by us at such facilities.

We may not be able to keep in force or renew with the appropriate public authorities all permits and/or licenses necessary for our operational assets and for the development of our activities.

If we are unable to obtain or renew such permits and/or licenses, we may be subject to fines and the closing of any irregular facilities, with the interruption of the activities carried out by us at such facilities. Any factors that impact the failure to obtain or renew such licenses and permits may cause us to incur additional costs, which may force us to reallocate resources to meet any additional charges. Failure to obtain, maintain or renew environmental licenses and authorizations may also lead to environmental, administrative or criminal or civil liabilities.

Additionally, we cannot guarantee that permits, licenses and authorizations, such as use and operating permits and/or documents relating to the regularity of built-up areas, have not been breached in the past when in the process of obtaining or renewing them. For example, the existence of a built-up area without prior authorization from the relevant city hall, or in disagreement with the project approved, could lead to risks and liabilities for the property if the area is not regularized and it is inspected by the responsible bodies. These risks include: (i) the impossibility of registering the construction; (ii) the refusal for us to issue an operating license; (iii) the refusal for us to take out or renew property insurance; and (iv) fines; and/or (v) forced closure of the establishment.

According to the Brazilian law regulating concessions and public-private partnership matters, our corporate structure is composed of some special purpose entities, which may result in our responsibility for tax, labor, environmental protection, consumer and bankruptcy matters originated from our subsidiaries.

Pursuant to Federal Law No. 11,079/2004, the execution of public-private partnerships must be preceded by the incorporation of a special purpose entity. In the event of one of our subsidiaries incorporated for such purpose does not comply with the contractual obligations or its financial disability to honor with the due capital contribution installments, as provided in the public-private partnership agreement, as their controlling shareholder and/or guarantor are the same, we may be liable to perform supplementary investments and to provide additional services in order to maintain the minimum financial rates provided for under the relevant agreements.

Federal Law No. 8,987/1995, which establishes provisions for concessions and permission of public services, sets forth that the concessionaire, incorporated as a special purpose entity or not is responsible for the provision of the service granted in the concession, and is liable for any and all damages to the public entity, users or third parties, it being understood that the inspection carried out by the competent authority does not exclude nor mitigates such liability, which may significantly adversely affect our business and results. In the case of the concessionaire is incorporated as a consortium, the consortium leading company is liable before the public grantor for the compliance with the concession agreement, without prejudice to the joint and several liability of the additional members of the consortium. The risks inherent to our subsidiaries also include bankruptcy and potential enforcement of piercing the corporate veil by the Brazilian Courts and any event impacting the image of our partners, business partners and service providers of our subsidiaries may adversely affect our brand.

Additionally, we may be liable for certain obligations of our subsidiaries, including tax, labor, environmental protection, regulatory and consumer matters, which, in the event they materialize, may adversely affect our business and results.

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We are subject to penalties related to our registrations, authorizations, licenses and permits for the development of our activities.

We depend on licensing and registration before federal, state and municipal authorities and agencies, as well as operating permits. We cannot guarantee that we will be able to obtain all the necessary licenses, permits and authorizations, or obtain their renewals in a timely manner. Obtaining the necessary licenses, permits and authorizations depends on clearance from environmental agencies and other authorities, whose deadlines we do not control. The failure to obtain or renew such licenses may prevent us from operating our units and lead to suspension and closing of irregular units, as well as the application of fines. Our strategy may be adversely affected if it is impossible to open and operate new units or the operations our current units are suspended or terminated due to the failure to obtain or renew the required registrations, permits and licenses, which may adversely affect our results of operations.

In addition, we are required to comply with the administrative limitations provided by environmental laws, such as the preservation of environmentally protected areas, and of nature conservation areas (e.g., parks, reserves, protected

areas, etc.). Our non-compliance with these restrictions may result in penalties and other liabilities, including substantial fines, criminal/administrative sanctions and the obligation to repair and/or indemnify any damages.

Risks Relating to Environmental Matters and Physical and Climate Transition Risks

Noncompliance with environmental laws and environmental liability could have a material adverse effect on us and our reputation.

We are subject to extensive Brazilian federal, state and municipal laws and regulations related to human health and environmental protection. These regulations establish requirements for environmental licensing, water use grants, and drinking water quality standards, as well as limits on discharge of non-domestic sources entering effluents into our treatment systems. Additionally, they define the quality standards that treated sewage must meet before being discharged into waterways. We may also face incidents such as leaks or pipe ruptures that can lead to liability for environmental damages, including groundwater and soil contamination, as well as regulatory and environmental infractions.

We are a party to several environmental proceedings and could be subject to other types of criminal, administrative and civil proceedings for non-compliance with environmental laws and regulations, including licensing requirements and water grants, that could expose us to administrative penalties and criminal sanctions, such as fines, closure orders and significant indemnification obligations. Furthermore, we are party to commitment terms regarding the regularization of licenses and water grants requirements for our operations. Failure to comply with these terms could result in administrative, civil and criminal liabilities. Such expenses may lead us to reduce expenditure on strategic investments, which may adversely affect our business, financial condition, results of operations or reputation.

We are also involved in environmental proceedings related to the discharge of untreated sewage into waterways or the disposal of sludge from treatment plants. These proceedings subject us to civil proceedings and investigations concerning environmental remediation and compensation for damages caused. In addition, we are involved in civil/administrative proceedings challenging the water withdrawn during the 2014-2015 water crisis. Any unfavorable judgment in relation to these proceedings, or any material environmental liabilities, may have a material adverse effect on our reputation, business, financial conditions or results of operations.

For more information on these proceedings, see "Item 8.A. Consolidated Financial Statements and Other Financial Information—Legal Proceedings." For more information on investments in environmental programs, see "Item 4.A. History and Development of the Company—Main Projects of our Capital Expenditure Program," "Item 4.B. Business Overview—Description of our Activities—Sewage Operations—Sewage Treatment and Disposal," "Item 4.B Business Overview—Environmental Matters" and "Item 4.B. Business Overview— Environmental Matters—Environmental Regulation."

Environmental, social and governance considerations could expose us to potential liabilities, increased costs (regulatory or otherwise), compliance failures and reputational harm, including with respect to the B3 Green Shares classification we have been granted.

We are subject to laws, regulations and other measures that govern a wide range of topics, including those related to matters beyond our core business. New or amended laws, regulations, policies, and international accords relating to ESG matters, including sustainability, climate change, human capital and diversity, are being developed and formalized in Brazil, the U.S. and elsewhere, which may require us to comply with specific, target-driven frameworks and/or disclosure requirements. For instance, in the U.S., the SEC has proposed broad climate change disclosure requirements which would require significant compliance efforts, if and when adopted. The final form of any of these regulations or other measures is still uncertain. The implementation of these goals and initiatives, as well as compliance with emerging regulatory obligations, and forward-looking milestones may require considerable management time and may result in significant expense to us, and we cannot guarantee that we will achieve our objectives. Moreover, increasingly different stakeholder groups have divergent views on ESG matters, which increases the risk that any action or lack thereof with respect to ESG will be perceived negatively by at least some stakeholders and adversely impact our reputation. Such regulatory regimes could impose significant compliance burdens and costs on us, and as with all new regulation, we could be subject to ambiguous interpretation that could result in inadvertent noncompliance. Our business could be negatively affected by increased regulation of ESG research, ratings and data.

Additionally, on June 7, 2024, the B3 granted us the B3 Green Shares (*B3 Ações Verdes*) classification. In compliance with Circular Letter No. 002/2024-VPE, dated May 7, 2024, issued by the B3, S&P Global Ratings Shades of Green (the "Specialized Consultant"), certified that we met the criteria established by B3 and that we derive: (i) more than 50.0% of our annual gross revenue from activities contributing to the green economy; (ii) more than 50.0% of our annual investments and operational expenses allocated to activities contributing to the green economy; and (iii) less than 5.0% of our annual gross revenue derived from fossil fuel activities. However, as the B3Green Shares classification is provided by a Specialized Consultant, which is a third-party provider, there is no assurance that the scrutiny process meets investor criteria and expectations. We are the first company in Brazil to obtain the B3 Green Shares seal, and there are no standardized processes and regulatory frameworks for this classification. Accordingly, we cannot assure

that we will continue to meet the criteria and expectations regarding environmental impact and sustainability performance in upcoming years, and we can give no assurance that we will continue to meet the requirements, voluntary taxonomies or standards, whether currently in place or implemented in the future, to maintain this classification.

Any failure, or perceived failure, by us to comply fully with ESG laws and regulations or meet evolving and varied stakeholder expectations and standards could harm our business, operating results, and financial condition.

Droughts, such as the 2014 – 2015 water crisis, can cause a material impact on consumption habits and, consequently, on our business, financial condition or results of operations.

We experience shortages in our water supply from time to time due to droughts. The precipitation index was below that expected in the hydrological years of 2014-2015, 2019-2020, 2020-2021 and 2023-2024, specifically highlighting that the dry period of the 2023-2024 hydrological year was the most severe observed in the last 20 years. Decreased levels of rainfall compromise the recovery of water storage levels that are necessary to serve the population during the dry period, which runs from April to September. It is not possible to predict the behavior of rain in the future, especially considering the increasing climate change we are experiencing. If we experience consecutive periods of droughts, we may be required to adopt measures to mitigate the impacts and maintain the water supply in our areas of operation.

The drought in 2014 and 2015 severely affected the level of water sources that supply the metropolitan region of São Paulo, forcing us to adopt a series of measures from 2014 to 2016 to mitigate its impact and maintain the water supply served in the metropolitan region of São Paulo. The measures to continue services to consumers were gradually discontinued, starting in early 2016, with the increase of the level of water in the reservoirs that provide water to the population of the São Paulo metropolitan region. However, heightened public awareness of the need to conserve water during the crisis and other more recent droughts resulted in our customers continuing to adopt lower water consumption practices. Sustainable management of water resources and water shortages can impact consumption habits and consequently impact our business and our operating results. There is a risk that there might be further periods of drought in the future when we consider what has happened in the past, forcing us to adopt similar or more severe measures as those adopted in 2014-2015, which can cause further material changes to consumption habits. These uncertainties could have a material adverse effect on our results of operations and financial condition.

Extreme Weather Conditions and Climate Change may have a material adverse impact on our business, financial condition or results of operations.

Our business may be affected by droughts, and by other extreme weather conditions, such as torrential rain and other changes in climate patterns. A possible increase in the severity of extreme weather conditions in the future may adversely affect the water available for abstraction, treatment, and supply, whether from the standpoint of quality or quantity. Droughts could adversely affect the water supply systems, resulting in a decrease in the volume of water distributed, and consequently, the volume of water billed (i.e. the revenue derived from water supply services). Extreme climate conditions may compromise our facilities' conditions to operate and supply of inputs. Additionally, increases in air temperature could affect demand for water.

Since we are dependent upon energy supplies to conduct our business, extreme weather events may also reduce water levels in the reservoirs that power hydroelectric power plants in Brazil, which may cause energy shortages, which could affect water and sewage services. Increased electricity prices may also adversely affect our costs and results of operations. For more information, see "Item 3.D. Risk Factors—Risks relating to Our Suppliers—Any interruptions in the supply of electricity and water may adversely affect our operations" and "Item 4.B. Business Overview—Energy Consumption."

In February 2023, there were torrential rains on the northern coast of the State of São Paulo, especially in the city of São Sebastião, where we operate. Within 24 hours, 683mm of rain fell in São Sebastião. As a result, our water treatment plants in the region were damaged, and the water supply was interrupted for a few days due to siltation, the inability to store water, and lack of electricity. If similar incidents occur in the future or become more frequent, these events may have other additional material adverse effects on our results of operations and financial condition.

We cannot predict all of the effects of extreme weather events, making it difficult to estimate the resources needed to mitigate these effects. It is possible that as a result of the difficulty to predict these events, we may be required to make other significant investments or incur substantial costs in their remediation or prevention measures, which may have a material adverse impact on our business, financial condition or results of operations. We also cannot guarantee that we will be able to pass on any of these additional costs and expenses to our customers.

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New laws and regulations relating to climate change and changes in existing regulation may result in increased liabilities and increased capital expenditures, which could have a material adverse effect on us.

We are subject to federal, state and international climate change regulations aimed at reducing greenhouse gas ("GHG") emissions. Among these, Decree No. 65,881/2021 formalizes the State of São Paulo's commitment to global initiatives such as the "Race to Zero" and "Race to Resilience" campaigns, which focus on lowering emissions and

enhancing climate resilience. The decree also mandates the development of the 2050 Climate Action Plan (PAC 2050) by the State of São Paulo government, which is expected to set sector-specific emissions targets, including for the sanitation industry.

Additionally, new regulation could introduce further obligations. For example, Law No. 15,402/2024 establishes the Brazilian Greenhouse Gas Emissions Trading System (or the Brazilian Carbon Market Regulation), which introduces a framework for limiting GHG emissions and trading carbon-related assets.

Given Brazil's commitments under international climate agreements, the state government's firm stance on reducing emissions, and the establishment of new legislation, we may be required to increase investment in emission mitigation measures by (i) enhancing operational efficiency and adopting more sustainable processes to reduce GHG emissions; (ii) implementing infrastructure and equipment to capture and utilize biogas and process-generated sludge; (iii) expanding the use of clean and renewable energy sources and alternative fuels; and (iv) offsetting GHG emissions through intensified conservation and reforestation initiatives. New climate change regulations present significant challenges due to the complexity and scale of our operational facilities, where changes in process design can impact both our existing and future operations.

On March 6, 2024, the SEC approved new climate-related disclosure rules that will require public companies to report material climate risks, GHG emissions inventories, climate targets and goals, and the financial implications of physical and transition risks. However, the implementation of these rules has been temporarily halted following multiple legal challenges, and the SEC has stayed enforcement pending judicial review by the Court of Appeals for the Eighth Circuit. If these rules are ultimately upheld, our compliance costs—such as legal, accounting, and reporting expenses—could increase significantly, and the associated compliance efforts may divert management's time and attention.

In addition, the CVM approved Resolution No. 193/2023, which allows publicly held companies to voluntarily prepare and disclose sustainability-related financial reports in accordance with the International Sustainability Standards Board ("ISSB") guidelines. According to CVM Resolution No. 193/2023, disclosure will become mandatory as of January 1, 2026.

We may be exposed to legal or regulatory action or claims as a result of the new SEC (if approved) and CVM rules. Although we are assessing and structuring our processes to fit these regulations, these risks could have a material adverse effect on our business, financial condition, results of operations and the prices of our securities.

New expenditures resulting from new climate change regulations and from the prevention or correction of effects of extreme weather could have a material adverse effect on our results of operations. For more information, see "Item 4.B. Business Overview—Environmental Matters—Climate Change Regulations: Reduction of Greenhouse Gases (GHG) Emissions" and "Item 4.B. Business Overview—Energy Consumption".

Risks Relating to Our Common Shares and ADSs

We may issue additional common shares or enter into a merger, consolidation or other similar corporate transaction, which could dilute your interest in our common shares underlying the ADS.

We may have to raise additional funds (in order to finance, for example, capital expenditures and consideration due in connection with new concessions) in the future through private or public offerings of shares or other securities convertible into shares issued by us. The funds we raise through the public distribution of shares or securities converted into shares may be obtained with the exclusion of preemptive rights of our existing shareholders, including investors in our common shares underlying the ADS, as provided by the Brazilian Corporate Law and CVM Regulation, which may dilute the interest of our then-existing investors. In addition, a dilution of your interest in our common shares underlying the ADS may occur in the event of merger, consolidation or any other corporate transaction of similar effect in relation to companies that we may acquire in the future.

International judgments may not be enforceable when considering our directors or officers' status of residency.

All our directors and officers named in this annual report reside in Brazil. We, our directors and officers and the members of our audit committee have not agreed to receive service in the United States. Substantially all of our director and officers' assets are located in Brazil. As a result, it may not be possible to file service within the United States or other jurisdictions outside of Brazil to such persons, pledge their assets, or enforce decisions under civil liability or securities laws of the United States or the laws of other jurisdictions against them or us in the courts of the United States, or in the courts of other jurisdictions outside of Brazil.

We may not always be in a position to pay dividends or interest on shareholders' equity and ADSs.

Pursuant to Brazilian Corporate Law and our bylaws, we are required to distribute to our shareholders a mandatory minimum dividend equivalent to 25% of our adjusted net income for the previous fiscal year.

Except for the mandatory minimum dividend, we can retain profits in statutory reserves for investment and/or capital reserves. If we incur a net loss or a net profit insufficient to allow dividend payments, including the mandatory minimum dividend, management may recommend dividend payments using profit reserves, after offsetting the net loss of the current fiscal year and previous years, if any. Losses for the current fiscal year must be absorbed by accrued profits, profit reserves, and legal reserves, in such order. If we are able to declare dividends, management may still decide to defer the payment of dividends or, in limited circumstances, not declare dividends. We cannot declare dividends from certain reserves under Brazilian Corporate Law.

Finally, pursuant to Law No. 14,026/2020, the New Legal Framework for Basic Sanitation, the distribution of profits and dividends is prohibited for service providers who are in breach of the objectives and deadlines established in the specific contract for the provision of basic sanitation services. The Concession Agreement for URAE-1 stipulates that, if it is proven that we are failing to meet the targets and schedules established in the Concession Agreement for URAE-1 or any concession agreement, and if the specific contractual provisions on this matter are observed, we may not be able to pay dividends and/or interest to our shareholders and ADS holders for as long as the breach continues.

For more information, see "Item 8.A. Consolidated Financial Statements and Other Financial Information—Dividends and Dividend Policy."

Mandatory arbitration provisions in our bylaws may limit the ability of a holder of our ADRs to enforce liability under U.S. securities laws.

Under our bylaws, any disputes among us, our shareholders, our directors, executive officers, members of the fiscal council, effective and alternates, and members of statutory and non-statutory committees, with respect to the *Novo Mercado* Listing Regulation, the Brazilian Corporate Law and Brazilian capital markets regulations will be resolved by arbitration conducted pursuant to the B3 Arbitration Rules in the Market Arbitration Chamber. Any disputes among shareholders and ADR holders, and any disputes between us and our shareholders and ADR holders, will also be submitted to arbitration. As a result, a court in the United States might require that a claim brought by an ADR holder predicated upon the U.S. securities laws be submitted to arbitration in accordance with our bylaws. In that event, a purchaser of ADSs would be effectively precluded from pursuing remedies under the U.S. securities laws in the U.S. courts. However, a court in the United States could allow claims predicated upon the U.S. securities laws brought by holders who purchased ADSs on the NYSE to be submitted to U.S. courts.

For more information, see "Item 10.B. Additional Information—Memorandum and Articles of Association—Redemption and Rights of Withdrawal."

A holder of our common shares and ADSs might be unable to exercise preemptive rights and tag-along rights with respect to the common shares.

U.S. holders of common shares and ADSs may not be able to exercise the preemptive rights and tag-along rights relating to common shares unless a registration statement under the U.S. Securities Act of 1933, as amended ("Securities Act"), is effective with respect to those rights or an exemption from the registration requirements of the Securities Act is available. We are not obliged to file a registration statement with respect to our common shares relating to these rights, and we cannot assure you that we will file any such registration statement. Unless we file a registration statement or an exemption from registration is available, an ADR holder may receive only the net proceeds from the sale of his or her preemptive rights and tag-along rights or, if these rights cannot be sold, they will lapse, and the ADR holder will receive no value for them.

Holders of our ADSs do not have the same voting rights as our shareholders.

Holders of our ADSs do not have the same voting rights as holders of our shares. Holders of our ADSs are entitled to the contractual rights set forth for their benefit under the deposit agreements. ADS holders exercise voting rights by providing instructions to the depositary, as opposed to attending shareholders meetings or voting by other means available to shareholders. In practice, the ability of a holder of ADSs to instruct the depositary as to vote will depend on the timing and procedures for providing instructions to the depositary, either directly or through the holder's custodian and clearing system. The deposit agreement also provides that if the depositary does not receive any instructions from a holder of ADRs, the ADR holder may be deemed to have given a discretionary proxy to a person designated by our company and the underlying shares may be voted by such person. However, we have chosen not to designate any person to exercise these deemed proxy rights with respect to any annual or special general meetings, and ADSs for which no specific voting instructions were received by the Depositary were therefore not voted at that meeting.

Judgments of Brazilian courts with respect to our common shares are required to be payable only in reais.

If proceedings are brought in the courts of Brazil seeking to enforce our obligations in respect of our common shares, we may not be required to discharge our obligations in a currency other than *reais*. Under Brazilian exchange control limitations, an obligation in Brazil to pay amounts denominated in a currency other than *reais* must only be satisfied in Brazilian currency at the exchange rate, as determined by the Central Bank of Brazil, in effect (1) on the date of actual payment, (2) on the date on which such judgment is rendered or (3) on the date on which collection or enforcement proceedings are commenced. The then prevailing exchange may not provide non-Brazilian investors with full compensation for any claim arising out of or related to our obligations under the common shares or the common shares represented by ADRs.

Changes in Brazilian tax laws may have an adverse impact on the taxes applicable to a disposition of our shares or ADS.

Law No. 10,833/2003, provides that the disposition of assets located in Brazil by a non-resident to either a Brazilian resident or a non-resident is subject to taxation in Brazil, regardless of whether the disposition occurs outside or within Brazil. This provision results in the imposition of withholding income tax on the gains arising from a disposition of our common or preferred shares by a non-resident of Brazil to another non-resident of Brazil. There is no judicial guidance as to the application of Law No. 10,833/2023 and, accordingly, we are unable to predict whether Brazilian courts may decide that it applies to dispositions of our ADSs between non-residents of Brazil. However, in the event that the disposition of assets is interpreted to include a disposition of our ADSs, this tax law would accordingly result in the imposition of withholding taxes on the disposition of our ADSs by a non-resident of Brazil to another non-resident of Brazil. For purposes of Brazilian taxation, the income tax rules on gains related to disposition of common shares or ADSs can vary depending on the domicile of the non-Brazilian holder, and the form by which the non-Brazilian holder has registered its investment.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Overview

We were incorporated as a public, mixed capital company of unlimited duration on September 6, 1973, under the laws of the Federative Republic of Brazil. In 1994, we were registered with the CVM as a publicly held company and are therefore subject to CVM's rules, including those relating to the periodic disclosure of extraordinary facts or relevant events. Our common shares have been listed on the B3 under the ticker "SBSP3" since June 4, 1997. In 2002, we joined the *Novo Mercado* segment of the B3 and registered our common shares with the Securities and Exchange Commission ("SEC") and started trading our shares in the form of ADR – level III on the New York Stock Exchange ("NYSE") under the ticker "SBS."

Until June 2024, the State of São Paulo owned a majority of our voting common shares. In July 2024, we were privatized, and the State of São Paulo ceased to be our controlling shareholder. As part of our Privatization, Equatorial Energia S.A. became a reference shareholder holding 15% of our voting capital. In accordance with our amended bylaws, we no longer have a controlling shareholder: our bylaws prohibit any shareholder or group of shareholders from exercising votes over 30% of our issued and outstanding voting capital or from entering into shareholders' agreements for the exercise of voting rights in excess of 30% of our issued and outstanding voting capital. We are subject to Brazilian Corporate Law and to any and all laws and regulations that govern Brazilian private legal entities.

We are registered with the Commercial Registry of the State of São Paulo (*Junta Comercial do Estado de São Paulo*) under registration number NIRE 35300016831. Our principal executive offices are located at Rua Costa Carvalho, 300, 05429-900 São Paulo, SP, Brazil. Our telephone number is +55 11 3388-8000. Our agent for service of process in the United States is CT Corporation System, with offices at 818 West Seventh Street – Team 1, Los Angeles, CA 90017.

As of December 31, 2024, we provided water and sewage services to numerous residential, commercial and industrial consumers, as well as various public entities, in 375 municipalities in the State of São Paulo, including the city of São Paulo, under concession agreements, with 371 covered by URAE 1 until 2060. Since December 2023, we operate water and sewage services in Olímpia, a municipality located in the interior of the State of São Paulo, through our wholly-owned subsidiary Sabesp Olimpia S.A. This new contract with the municipality of Olímpia is the first bidding process won without being part of a consortium under the New Legal Framework for Basic Sanitation.

In addition, we have partnerships with three private companies for water and sewage services: Águas de Castilho, Águas de Andradina and Sesamm - Serviços de Saneamento de Mogi Mirim S.A. (sewage-only).

In the basic sanitation sector, we are minority shareholders in two special purpose companies: Aquapolo Ambiental S.A., supplying industrial reclaimed water to the Capuava Petrochemical Complex since 2012 and Attend Ambiental S.A., providing non-domestic wastewater treatment services in the São Paulo metropolitan area since 2014.

We also engage in the electric power generation sector through minority partnerships, including Paulista Geradora de Energia, which utilizes the hydraulic potential of the Cantareira System. It sells 4.1 MW from the PGE Guaraú plant (since March 2023), 2.9 MW from the PGE Cascata plant (since April 2024). Cantareira SP Energia, currently in the pre-operational phase, is focused on the development, production, and commercialization of photovoltaic energy. For more information, see Note 12 to our 2023 Consolidated Financial Statements – Investments.

Since December 2022, we have held a 20% equity stake in Barueri Energia Renovável SA, a plant designed to process municipal solid waste from Barueri and nearby municipalities. It is expected to commence operations in February 2027. Additionally, we established SPE Infranext Soluções e Pavimentação S/A (currently in the pre-operational phase), which operates in the segment of cold asphalt commercialization and related products.

Our Strategy

New Strategic Guidelines

We are currently in the process of reformulating our new strategy post-Privatization along the following five pillars:

- ***Universalization of the new Concession Agreement for URAE-1***: Compliance with contractual goals while maximizing the financial return on our investment plan;
- ***Optimization of business performance***: Optimization of our overall performance, focusing on key themes (e.g., people, procurement, technology/innovation) in addition to ensuring key enablers (e.g., people and culture);
- ***Growth in the water and sanitation business***: Preparation for growth with a focus on expansion in the State of São Paulo and evaluation of opportunities to bid for new concessions;
- ***Adjacent and new core businesses***: Focus on adjacencies related to the core business (which may include co-product solutions, self-production, clients) and evaluation of broader opportunities for environmental solutions; and
- ***Regulatory optimization***: Maximizing value generation by incorporating regulatory considerations into strategic and daily business decisions.

The challenges for the coming years are organized into three strategic axes:

New Challenge (Expansion)	**Investment Program** • Early universalization • New obligations (rural, informal) • Supply chain		**Concession Agreement for URAE-1** • Regulatory "GAPs" • Compliance with new obligations • Annual tariff reviews
New Level (Efficiency)	**Operational Efficiency** • Productivity • Quality/standardization • Water resilience	**Commercial Efficiency** • Revenue assurance • Customer experience • Stakeholder relations	**Financial Efficiency** • Cost/expense control • Capital structure • Growth (adjacencies, selected M&A)
New Foundation (Enablers)	• **Organization**: Organizational Structure, People, Compensation Policies, Culture • **Technology**: Infrastructure, Systems, Automation, Digital Transformation • **Processes**: Redesign of Macro-processes, Environmental Responsibility, Risk Management • **Regulatory**: Regulatory Guidance for decision-making (strategic and everyday)		

The main challenge of the new strategy is to advance the Universalization Targets from 2033 to 2029, with projected investments of around R$70.0 billion by 2029 and R$260.0 billion by 2060. As part of this process, we strive to become one of the world's leading sanitation companies.

Universalization is a significant challenge, as it involves not only the expansion of infrastructure, but also the need to ensure our financial sustainability and efficiency in service delivery. Universalization is also regarded as a fundamental step to promote public health, environmental preservation, and economic development in the communities we serve.

To support the execution of our new strategy, our remuneration model will be aligned with the Universalization Targets established by the Concession Agreement for URAE-1, in an attempt to align stakeholders' interests.

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We are guided by commitments to ethics and a profound sense of duty to the population we serve. This transformation process is guided by ten principles of a high-performance culture: (i) long-term view; (ii) doing the right thing, the right way; (iii) ownership; (iv) meritocracy; (v) results-orientation; (vi) alignment of goals and incentives; (vii) reliable partner to our clients; (viii) innovation with calculated risks; (ix) rigorous cost control and discipline in capital allocation; and (x) ethics, transparency and simplification.

Corporate Organization

Following our Privatization and the changes to our bylaws, we updated our governance structure. Key changes included reorganizing departmental responsibilities of each executive officer and creating new structures to optimize our growth and adapt to recent regulatory changes in the sanitation sector.

Our executive management currently comprises eleven officers with responsibilities allocated by the Board of Directors and our by-laws. This includes overseeing compliance and risk management, led by a statutory officer appointed by the Board, as well as administrative oversight of internal audit.

Statutory Executive Officers:

- Chief Executive Officer;
- Chief Financial and Investor Relations Officer; and
- Chief Engineering Officer.

Non-statutory Executive Officers:

- Chief People and Performance Officer;
- Chief Operation and Maintenance Officer;
- Chief Customer and Technology Officer;
- Chief Corporate Development Officer;
- Chief Corporate Services Officer;
- Chief Regulation and Power Procurement Officer;
- Chief Corporate Affairs and Sustainability Officer; and
- Chief Legal Officer.

Capital Expenditure Program

Our capital expenditure program aims to enhance and expand our water and sewage system, striving for universal sanitation services in the municipalities we operate. It focuses on ensuring water security, meeting the increased demand for treated water in the State of São Paulo, improving operating efficiency and reducing environmental impacts. To achieve this, our investment plan is structured around four pillars:

i. Expansion Capital Expenditures: focused on meeting the goals of universalization of water supply, sewage and sewage treatment.

ii. Renewal Capital Expenditures: intended for the maintenance of our existing assets.

iii. Operational Efficiency Capital Expenditures: aimed at increasing efficiency, automation and reducing water losses.

iv. Indirect Capital Expenditures: directed to administrative investments and to support our infrastructure.

As of the date of this annual report, we anticipate investments of approximately R$70.0 billion from 2025 to 2029, financed by own resources, loans, and long-term financing. We invested R$6.9 billion, R$6.3 billion, and R$5.4 billion in the years ended December 31, 2024, 2023, and 2022, respectively.

The following table presents the number of incremental connections in water coverage, sewage coverage, and sewage treatment that correspond to the goals to be achieved in the coming years of 2025 and 2026.

Incremental Connections	2024-2025 (in thousands of units)	2025-2026 (in thousands of units)
Water coverage	436	861
Sewage coverage	588	1,122
Sewage treatment	1,028	2,121

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Our capital expenditure program from 2025 through 2029 will continue to focus on achieving our targets by making regular investments to maintain and expand our infrastructure and to reduce water losses in the 375 municipalities we served as of December 31, 2024.

Main Focus of Our Capital Expenditure Program

The following is a description of the main focuses of our capital expenditure program.

Investments in water

Expansion of Water Systems: Investments aimed at expanding the supply infrastructure in urbanized areas of the municipalities, in rural communities and in vulnerable communities and informal areas, ensuring the availability of safe and sustainable drinking water to keep up with growths in population, urban development and the growing existing demand, including the implementation of networks, formalization of connections and alternative solutions adapted to the local reality and also new distribution networks, reservoirs, pipelines and reinforcements in existing systems or, for rural areas, well drilling, implementation of simplified systems and decentralized supply technologies.

Water Resilience: Continuity of our actions to ensure water security in face of extreme weather events, prolonged droughts, and increased demand. These investments include diversification of water sources, interconnection of systems, expansion of reservoirs and modernization of operational processes.

Vegetative Growth: Gradual expansion of our supply infrastructure to meet the increase in population and the verticalization of municipalities we cover. These investments provide for reinforcements in production and distribution of water, ensuring continuity and quality of supply.

Investments in sewage

Expansion of Sewage Systems (Coverage and Treatment): Investments focused on at expanding the sanitary sewage infrastructure in vulnerable communities and informal areas to ensure viable technical solutions that are appropriate to the local reality, as well as in the expansion of collection networks, connection of new economies and expansion of the installed capacity of sewage treatment plants in urban areas of the municipalities, aiming to serve new residences and promote the reduction of the environmental pollution load of the receiving bodies. For rural areas, these investments are aimed at bringing sewage collection and treatment to rural communities, using appropriate technologies such as septic tanks and compact treatment stations.

Vegetative Growth: Expansion of sewage networks and treatment capacity to keep up with the demographic growth of cities. These investments provide for new collection networks, interceptors and modernization of treatment plants to ensure the universalization of sanitation.

Loss Reduction

Implementation of measures to reduce infrastructure damages or losses (including leaks, pipe ruptures, etc.) and losses arising from consumer fraud (under-metering and other methods of tampering with our measurement devices) in the water distribution system. Our actions include the sectorization of distribution networks, therefore segmenting extensive networks into smaller sections, enhancing the management and operational oversight of the distribution system**,** replacement of old pipes, replacement of water meters, modernization of measurement methods and combating irregular sewage or water networks.

Automation

Digitization and modernization of our operating systems in order to increase our efficiency and reduce costs. Our actions include using telemetry, smart sensors, remote control of pumping stations and implementation of operational control centers to optimize the management of sanitary supply and sewage.

B. Business Overview

Our Operations

As of December 31, 2024, we provided water and sewage services to a broad range of residential, commercial, industrial and governmental customers in 375 of the 645 municipalities in the State of São Paulo, including the city of São Paulo, under concession agreements, with 371 covered by URAE 1 until 2060. These 371 municipalities accounted for 99.3% of our gross operating revenues from sanitation services (excluding revenues relating to the construction of concession infrastructure).

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Four municipalities (Miguelópolis, Quintana Nova Guataporanga and Olímpia) continue under their existing individual contracts, which we entered into before our Privatization. These concession agreements will expire between 2027 and 2053 and accounted for 0.1% of our gross operating revenues from sanitation services (excluding revenues relating to the construction of concession infrastructure) as of December 31, 2024.

We also supplied water and sewage treatment services on a wholesale basis to two municipalities in the São Paulo metropolitan region (Mogi das Cruzes and São Caetano do Sul). For more information on these agreements, see Note 10 to our 2024 Consolidated Financial Statements.

As of December 31, 2024, we generated net operating revenue of R$36,145.5 million and profit of R$13,642.8 million. Our total assets amounted to R$80,965.4 million and our total shareholders' equity amounted to R$36,928.1 million. Our revenues from wholesale water services were R$115.5 million and from wholesale sewage services were R$45.2 million. We provided water services to approximately 28.1 million people, and sewage services to approximately 25.1 million people in the State of São Paulo.

For more information on laws and regulations related to our concession operations, see "—Government Regulations Applicable to our Contracts."

Description of Our Activities

Our corporate purpose is to render basic sanitation services, aimed at the universalization of basic sanitation in the State of São Paulo. Our primary activities comprise water supply, sanitary sewage services, urban rainwater management and drainage services, urban cleaning services, and solid waste management services. Our related activities include the planning, operation, maintenance of systems for the production, storage, conservation commercialization of energy, and the commercialization of services, products, benefits and rights that directly or indirectly arise from our assets, operations and activities. Additionally, our shareholders, at the General Shareholders' Meeting held on April 29, 2025, approved the amendment of our bylaws to include in our corporate purpose the generation of electricity for self-consumption, with the option to sell any surplus, aiming to enhance the efficiency of basic sanitation services and optimize the use of our assets. For more information, see "—Government Regulations Applicable to Our Contracts—ARSESP." For a description of our operating segments please see Note 28 to our 2024 Consolidated Financial Statements.

We set forth below a description of our activities.

Water Operations

Our supply of water to our customers generally involves water extraction from various sources, subsequent treatment and distribution to our customers' premises. For the year ended December 31, 2024, we produced approximately 3,086.3 million cubic meters of water.

The following table sets forth the volume of water that we produced and invoiced for the periods indicated:

	Year ended December 31,		
	2024	**2023**	**2022**
	(in millions of cubic meters)		
Produced:			
Total	**3,086.3**	**2,985.2**	**2,857.9**
Invoiced:			
Residential	1,970.7	1,918.0	1,869.5

Commercial	191.3	189.2	182.1
Industrial	36.3	35.4	34.5
Public	51.1	47.1	43.7
Total Retail	**2,249.7**	**2,189.7**	**2,129.8**
Wholesale [(1)]	49.5	46.5	47.8
Total	**2,299.3**	**2,236.2**	**2,177.6**

(1) Wholesale includes volumes of reuse water and non-domestic sewage;

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Seasonality

Although seasonality does not affect our results in a significant way, in general, we observe higher water demand during the summer and lower water demand during the winter. The summer coincides with the rainy season, while the winter corresponds to the dry season. The demand in the coastal region is increased by tourism, with the greatest demand occurring during the Brazilian summer holiday months.

Water Resources

Our water withdrawals are limited to authorized volumes by SP Águas, with federal approval from the National Water and Sanitation Agency (*Agência Nacional de Águas e Saneamento Básico* – ANA) required for basins crossing state lines. We primarily source our water supply from rivers and reservoirs, with a small portion from groundwater. Our reservoirs are filled by impounding and/or diverting river flows. For more information on water usage regulation, see "—Environmental Matters—Water Usage."

As of December 31, 2024 we operated eleven water systems in the São Paulo metropolitan region. The total capacity of the water sources available for treatment in this area is 1.945 million m³. The average monthly production was 67.2 m³/s, with the Cantareira, Guarapiranga and Alto Tietê systems providing approximately 80% of the water distributed. The Cantareira system alone supplied 42.7% of region's water. For more information, see "Item 3.D. Risk Factors—Risks Relating to Environmental Matters and Physical and Climate Transition Risks—Droughts, such as the 2014 – 2015 water crisis, can cause a material impact on consumption habits and, consequently, on our business, financial condition or results of operations."

We participate in the decentralized and integrated management of water resources established by the National Policy on Water Resources. We are represented by our employees in all River Basin Committees in the State of São Paulo.

The following table sets forth the water production systems from which we produce water for the São Paulo metropolitan region:

	Production Rate[(1)]		
	2024	**2023**	**2022**
	(*in cubic meters per second*)		
Water production system:			
Cantareira	28.7	26.5	21.1
Guarapiranga	12.4	13.1	13.6
Alto Tietê	12.9	12.4	13.0

Rio Claro	4.7	3.5	3.6
Rio Grande (Billings reservoir)	3.0	4.6	4.5
Alto Cotia	1.0	1.0	0.9
Ribeirão da Estiva	0.1	0.1	0.1
São Lourenço	4.0	3.3	4.5
Cabuçu and Tanque Grande (Guarulhos)	0.3	0.3	0.3
Embú-Guaçu	0.1	-	-
Total	**67.2**	**64.8**	**61.6**

(1) Average of the years ended December 31, 2024, 2023 and 2022.

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Water Treatment

We operate 250 water treatment facilities, where all water is treated before being distributed by our water supply network. The type of treatment used depends on the nature of the source and quality of the untreated water. For example, water abstracted from rivers requires more treatment than water withdrawn from groundwater sources. All of the water we treat receives fluoridation.

Water Distribution

We distribute water through our networks of water pipes and water transmission lines. Storage tanks and pumping stations regulate the volume of water flowing through the networks in order to maintain adequate pressure and continuous water supply.

The following table sets forth the number of connections in our network as of the dates indicated:

	As of December 31,		
	2024	**2023**	**2022**
Number of connections (in thousands)	10,428	10,286	10,113

Water Loss

Water loss is calculated as the difference between the volume of water produced and the volume of water measured by the water meters installed in our clients' properties. Water losses are divided into: apparent (non-physical) losses, which result mainly from inaccurate water meters, fraud and registration errors, and real (physical) water losses, resulting from leaks in the distribution network and overflows in tanks.

We exclude from the calculations of water loss: (i) water discharged for periodic maintenance of water distribution lines and cleaning of water storage tanks; (ii) water supplied for municipal uses, such as fighting fires; and (iii) estimated water loss related to the supply of water to urban areas occupied by low-income populations in irregular areas (*favelas*).

As of December 31, 2024, we experienced 262 liters per connection per day of water loss. Real (physical) water loss decreased from 22.2% as of December 31, 2008 to 19.4% as of December 31, 2024.

In respect of the Concession Agreement for URAE-1, we must meet the targets established for the municipalities for 2025, as set out in Annex II of the Concession Agreement for URAE-1.

Water Quality

We believe that we supply high quality treated water that is consistent with the standards set by Brazilian law, which establishes water quality standards (Annex XX of Consolidation Ordinance No. 5 – amended by Ordinance No. 888 of May 2021), requiring us to comply with significant regulatory obligations.

In general, the State of São Paulo has excellent water quality. However, there are anthropogenic and natural factors that can cause changes in water quality. Currently, we treat this water to make it potable and we are also investing in improvements in our water transmission lines and our treatment systems to ensure the quality and availability of water for the coming years.

Water quality is monitored at all stages of the distribution and is carried out by our quality control laboratories distributed in various regions of the State of São Paulo, equipped with modern analytical equipment and qualified professionals. Our laboratories are ABNT NBR ISO IEC 17025 accredited, awarded by INMETRO. Quality control of

the chemicals used in water treatment is also performed to verify compliance with the specifications established in national and international recommendations, aiming to ensure the absence of toxic substances harmful to human health.

As of the date of this annual report, we believe that there are no material instances where our standards are not being met.

Fluoridation

As required by Brazilian law, we add fluoride to the water at our treatment facilities prior to its distribution into the water supply network. Fluoridation primarily consists of adding fluorosilicic acid to water at between 0.6 mg/L and 0.8 mg/L to assist in the prevention of tooth decay among the population.

Sewage Operations

We are responsible for the collection, removal, treatment and final disposal of sewage. We installed 197.3 thousand, 191.4 thousand and 226.5 thousand new sewage connections in the years ended December 31, 2024, 2023 and 2022, respectively.

Sewage System

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The purpose of our sewage system is to collect and treat sewage and to adequately dispose of the treated sewage. The following table sets forth the total number of sewage connections in our network for the periods indicated:

	As of December 31,		
	2024	**2023**	**2022**
Sewage connections (in thousands)	8,932	8,776	8,610

Our sewage system is generally designed to operate by gravitational flow, with pumping stations used where necessary, employing cast iron sewage lines.

The public sewage system is designed to handle both household and portion non-domestic effluents (such as industrial sewage) which require compliance with specific legal standards to protect the sewage collection and treatment systems, the health and safety of operators and the environment Non-effluents must meet standards set by State Decree No. 8,468/1976, and may require pretreatment. We conduct acceptance studies to ensure compliance and capacity before permitting discharge, formalizing conditions in agreements with effluent producer. Non-compliance can result in penalties, with CETESB notified for severe breaches.

Effluents from our treatment facilities must comply with limitation guidelines for discharge into receiving water bodies, ensuring water quality is not compromised, as established by State Law No. 997/1976 regulated by State Decree No. 8,468/1976 and the National Environmental Council (*Conselho Nacional de Meio Ambiente* – "CONAMA") Resolution No. 357/2005, as amended by CONAMA Resolution No. 430/2011.

Sewage Treatment and Disposal

As of December 31, 2024, we operate 622 sewage treatment facilities, including eight ocean outfalls, with an installed capacity of approximately 56.7 cubic meters of sewage per second.

In the São Paulo metropolitan region, the treatment process used by most treatment facilities is the activated sludge process. In other regions, sewage treatment varies according to the particularities of each area. In the interior region of São Paulo State, treatment consists largely of stabilization ponds. The majority of sewage collected in the coastal region receives treatment and disinfection and is then discharged into rivers and also into the Atlantic Ocean through our ocean outfalls, in accordance with applicable legislation.

In this regard, we are a party to legal proceedings related to environmental matters. For more information, see "Item 8.A. Consolidated Financial Statements and Other Financial Information—Legal Proceedings." In addition, our capital expenditure program includes projects to increase the amount of sewage that we treat. For more information, see "Item 4.A. History and Development of the Company—Capital Expenditure Program" and "Item 4.B. Business Overview—Environmental Matters—Environmental Regulation—Sewage Requirements."

Sludge Disposal

The generation of sludge is inherent in the sanitation cycle. We use various methods, such as filter presses, belt filter presses, drying beds and centrifugation machines, to dewater sludge, reducing its volume and final disposal costs.

We are exploring innovative technological sludge disposal methods. Since 2018, we have produced an agricultural organic fertilizer, *Sabesfértil*, which is created by bio-drying sewage sludge, and which was approved for sale by the Ministry of Agriculture.

Other projects include a plasma system which uses specialized technology to transform sludge into an inert solid vitreous product to be re-used in construction work, and a sludge dryer that uses sunlight and automated processes.

In 2024, we installed a pilot thermal sludge treatment plant using pyrolysis which was completed in December 2024. In February 2025, the pilot unit started its six-month period of operational tests to evaluate byproducts like biocarbon, pyrolytic oil and syngas.

Sludge disposal must comply with State and Federal law requirements. In the State of São Paulo, CETESB has reissued the technical standard P4,230, second edition, of May 2021, which addresses the "application of sludge from biological treatment systems of sanitary liquid effluents in soil – guidelines and criteria for the project and operation." This allows sludge use for soil recovery, creating new opportunities in the interior of the State of São Paulo.

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Principal Markets in Which We Operate

We provide water and sewage services directly to a large number of residential, commercial and industrial consumers, as well as to a variety of public entities.

Our Concession Agreements

The Concession Agreement for URAE-1

The Concession Agreement for URAE-1 provides for significant changes to our economic-regulatory model. Under the Concession Agreement for URAE-1 we provide services for water and sewage to 371 municipalities in the state of São Paulo. The Concession Agreement for URAE-1 also provides for specific targets such as the Universalization Target. Under the Concession Agreement for URAE-1, the tariff adjustment index (*Índice de Reajuste Tarifário* – IRT) also provides for significant changes to our Tariff Structure, as defined below. We cannot guarantee that these changes will not have a significant financial impact on us. The main provisions of the Concession Agreement for URAE-1 are as follows:

- Adoption of a retroactive methodology for tariff recognition of investments (the tariff calculation will only incorporate the investments already made by us).

- Changes of the tariff review equation for the first two cycles of the Concession Agreement for URAE-1, with the inclusion of the Factor U and updates to the regulatory asset base ("RAB") and market achieved in the reference year. In the first two cycles, the RAB will be updated annually. Additionally, similar to the previous model, inflation, Factor Q and Factor X are considered.

- The Factor U will be applied annually as a reducing factor of up to 10% as part of the tariff readjustments.

- The WACC will be applied before taxes.

- New concepts: the "application tariff" (for service users) and "equilibrium tariff" (to be received by us). The difference will be compensated mainly by FAUSP (created by State Law No. 17,853/2023), which provides resources for basic sanitation actions, including those aimed at tariff moderation in the sector, in order to achieve and the universalization targets for 2029, as set out by State Law No. 17,853/2023.

- On a monthly basis, we must calculate the difference between the (i) regulatory revenue effectively received from the market, by applying the application tariff, and the (ii) regulatory revenue, by applying the equilibrium tariff.

- The valuation of new investments will be made using the depreciated replacement cost (DRC) method.

- The remuneration of regulatory working capital will deduct the earnings from financial investments.

- The failure to implement regulatory accounting by 2026 will result in a penalty of 100% of accessory revenues being allocated to tariff moderation and a greater sharing of efficiency with tariff moderation already in the second tariff cycle of the Concession Agreement for URAE-1.

- The new model stipulates that we will be entitled to integrate a portion of the efficiency gains they achieve over multiple cycles.

- Several parts of the methodology need to be regulated by ARSESP.

As of the date of this annual report, we are a party to (i) the Concession Agreement for URAE-1; and (ii) four individual contracts entered into with the municipalities of Miguelópolis, Nova Guataporanga, Quintana, which chose not to join the Concession Agreement for URAE-1, and Olímpia.

Competition

The competition for concessions arises mainly from the municipalities, metropolitan regions, microregions and regional units not currently part of the Concession Agreement for URAE-1, as they may commence bidding procedures which we may not win or resume the water and sewage services that were granted to us and start providing these services directly to the local population. In this latter case, the relevant governments would be required to indemnify us for the unamortized portion of our investment. For more information, see "Item 3.D. Risk Factors—Risks relating to the Regulatory Environment—Municipalities may terminate contracts before they expire in certain circumstances. The indemnification payments we receive in such cases may be less than the value of the investments made, or may be paid over an extended period, adversely affecting our business, financial condition, or results of operations."

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The New Legal Framework for Basic Sanitation brought a significant change to the relationship between the municipality as granting authority and us as service provider since it introduced the mandatory use of public bids for the execution of future contracts for the provision of sanitation services, which has the potential to intensify competition between public companies and the private sector.

Additionally, we may participate in competition for other concessions for the provision of water and sewage services in municipalities, metropolitan regions, microregions and regional units outside of the State of São Paulo.

Use of Alternative Water Sources

In recent years, we have experienced an increasing level of use of alternative sources, including to residential condominiums and non-residential, industrial customers. One reason for the use of alternative water sources is because some users require water with different technical specifications than the water made available to the public.

This trend has increased in recent years, especially since the 2014-2015 water crisis, when non-residential customers and residential condominiums sought independent solutions to supply water and dispose of non-residential, commercial and industrial sludge in the São Paulo metropolitan region. Private companies offer stand-alone water treatment solutions inside the facilities of their customers.

In addition, the treatment of non-residential, commercial and industrial sewage treatment in the São Paulo metropolitan region has increased in recent years as private companies have started to offer customized solutions for customers' facilities.

Competition for new municipalities

As described in our bylaws, we may operate through subsidiaries in any part of Brazil or abroad to provide sanitation services. We believe this makes us a potential competitor for other sanitation companies, both Brazilian and foreign.

The New Legal Framework for Basic Sanitation imposes mandatory bidding processes for municipalities to hire companies providing basic sanitation services. This opened up a new business environment in which state-owned and private companies could compete. Participating in a bidding process is now the only method of maintaining and/or expanding our market share, whether in the State of São Paulo or in other states.

Billing Procedures

The procedure for billing and payment of our water and sewage services is largely the same for all customer categories. Under the current Tariff Structure, water and sewage bills are based on water usage determined by monthly water meter readings. Sewage billing is included as part of the water bill and is based on the water meter reading.

The readings of the water meters for billing purposes are carried out by our own team and/or by third parties through mobile application, with simultaneous printing and delivery of the bill to the customer or, when the customer so chooses, the bill can be forwarded by e-mail or mail to an address of the customer's choice.

Water and sewage bills can be paid at certain banks and other locations in the State of São Paulo. Customers must pay their water and sewage bills by the due date if they wish to avoid paying a fine and interest on late bill payments. Delinquent customers are subject to administrative payment collection proceedings, water supply cuts and judicial payment collection proceedings.

In 2024, we had a reduction in default rates due to more rigorous payment collection proceedings, such as blacklisting defaulting customers, increased execution of supply cuts, negotiation of debts with major debtors and the holding of auctions to negotiate the debt of customers (*Feirões de Negociação*) ("Large credit campaigns").

In addition, since 2019, we used an Internet of Things ("IoT") application to monitor the daily consumption of 100,000 customers representing approximately 2% of the connections and 45% of the revenue derived from the São Paulo metropolitan region. In 2021, we used the IoT application for 3,500 customers of the interior of the State of São Paulo and in the coastal regions of São Paulo. In 2022 and 2023, we expanded our operations, installing more than 100,000 new devices in the central area of the city of São Paulo. In 2024, we further expanded our operations, installing more than 40,000 new devices in the central area of the city of São Paulo. This technology has helped us improve our customer care management. We believe this model has become a benchmark in the utilities sector, as the entire management is carried out by monitoring the quantity and quality indicators of the data delivered, an innovative approach in relation to telemetry in the sanitation sector.

Customer relationship

Every year, we seek to improve our relationship with our customers, aimed at ensuring a more satisfactory and efficient experience. As a result, we have adopted what we consider to be a competitive and transparent approach, expanding the use of digital channels and tools that we believe will ensure quality services and increase public satisfaction with our services.

Our digital channels have been consolidated and enhanced to offer greater navigability and an expanded range of services. We seek to ensure accessibility in our service channels, whenever possible, to serve customers with disabilities.

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Our customer satisfaction rating for the year ended December 31, 2024 reached 83% of customers, indicating they were satisfied with our services, a slight variation from the 84% rate recorded for the year ended December 31, 2023, as pointed out by the annual satisfaction survey conducted by the GMR Market Intelligence Institute.

In addition, we continue to invest in our ombudsperson's office as an exclusive channel to respond to complaints, suggestions, criticism and requests for information that have not been resolved on our primary channels.

Following our Privatization, we now have greater operational flexibility and autonomy in hiring suppliers and contractors, which allows us to envision a future with greater agility, cost reduction, and strengthening of our digital transformation we believe. These advances will directly contribute to the improvement of the quality of our customer service.

Tariffs

Tariffs are our main form of remuneration for the services we provide under the Concession Agreement for URAE-1.

Under the Concession Agreement for URAE-1, the tariffs aim to remunerate the investment effectively made and incorporated into the concession's asset base. There are two tariffs: the application tariff, which is what the user actually pays, and the equilibrium tariff, which is owed to us. Any difference in the application tariff and equilibrium tariff is covered by FAUSP.

Tariff adjustments for our services follow the guidelines established by regulatory standards including the Concession Agreement for URAE-1 and its schedules, especially Schedule V. These guidelines establish procedural steps and the terms for the annual adjustments, which are to be conducted by ARSESP. For more information, see Exhibit 4.11 of this Annual Report.

The approved regulatory model adopted by ARSESP for the Concession Agreement for URAE-1 defines a maximum average tariff ("P0"), based on the guarantee of the economic and financial balance of the provider, such as

us, in its business segment and on efficient costs projected for the tariff cycle, to encourage the provider to permanently seek to reduce its costs. Accordingly, an average tariff is established, expressed in *reais* per cubic meter, which reflects the economic cost of providing water and sewage services in a certain tariff cycle. The methodology is based on a discounted cash flow model, which aims to calculate the P0, ensuring that the Net Present Value (NPV) of the tariff cycle is equal to zero and considering a rate of return equal to the WACC.

Further to the reviews, the tariffs under the Concession Agreement for URAE-1 are adjusted annually. In accordance with ARSESP regulations, we use the IPCA price index (accumulated over the past 12 months), minus a productivity factor calculated as part of the Factor X and, since 2020, the adjustment of IGQ that can be zero, positive or negative, according to the deviation between the targets we set and the actual values.

For more information, see "Item 3.D. Risk Factors— We are exposed to risks associated with the Concession Agreement for URAE-1, which may materially impact our financial condition and operating results" and "Item 10.F Additional Information – C. Material Contracts - Concession Agreement for URAE-1".

Tariff Structure

Our current tariff structure, governed by State Decree No. 41,446/1996 and by the Concession Agreement for URAE-1, is divided into residential and non-residential categories ("Tariff Structure"). The residential category is subdivided into standard residential, residential-social and vulnerable residential tariffs. Social tariffs benefit low-income families, the unemployed, and collective living residences, while vulnerable tariffs support urban areas lacking urban infrastructure. The non-residential category consists of: (i) commercial, industrial and public customers; (ii) non-profit entities that pay 50.0% of the prevailing non-residential tariff; (iii) government entities that adhere to the Rational Use of Water Program (*Programa de Uso Racional da Água* – "PURA") and pay 75.0% of the prevailing non-residential tariff; and (iv) public entities that have entered into program agreements, for municipalities with a population of up to 30.0 thousand and with half or more classified according to their degree of social vulnerability by the Social Vulnerability Index of São Paulo (*Índice Paulista de Vulnerabilidade Social*) 5 and 6, of the SEADE, obtained through the analysis of the 2000 Census figures, which start to receive tariff benefits, in accordance with our normative ruling, for the category of public use, at the municipality level. The tariffs are equal to those offered to the non-profit entities mentioned in item (ii) above and that corresponds to 50.0% of the public tariffs without contractual provisions referred to in item (iv) above.

There are tariff tables with the values due for each consumption pricing ranges for these categories: up to 10 m³, from 11 to 20 m³, from 21 to 50 m³ and above 50 m³. The "Residential Social" and "Residential Vulnerable" categories have five consumption pricing ranges: up to 10 m³, from 11 to 20 m³, from 21 to 30 m³, 31 to 50 m³ and above 50 m³. The amount charged is always progressive.

Large consumers and municipalities served by wholesale have separate tariff tables.

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Water and sewage services tariffs

Under the current Tariff Structure, we establish separate tariff schedules for our services in each of the São Paulo metropolitan regions and each of the interior regions of the State of São Paulo and the coastal regions, depending on whether a customer is located in the São Paulo metropolitan region or the interior of the State of São Paulo and in the coastal regions of São Paulo. Each tariff schedule incorporates regional cross-subsidies, taking into account the customer type and volume of consumption. Where tariffs paid by customers with high monthly water consumption rates exceed our costs of providing water services, we use the excess tariff billed to high-volume customers to compensate for the lower tariffs paid by low-volume customers. Similarly, tariffs for non-residential customers are set at levels that subsidize residential customers. In addition, the tariffs for the São Paulo metropolitan region generally are higher than tariffs in the interior region of the State of São Paulo and the coastal regions. In the years ended December 31, 2024, 2023 and 2022, the average tariff calculated for the interior of the State of São Paulo and in the coastal regions of São Paulo was approximately 22% below the average tariff of the São Paulo metropolitan region.

The following table sets forth the water tariffs by (i) customer category and class; and (ii) volume of water consumed, charged in cubic meters during the years and period stated in the São Paulo metropolitan region:

Customer Category Consumption	**As from July 23, 2024**	**As from May 10, 2024**	**As from May 10, 2023**	**As from May 10, 2022**
Residential				*(in reais)*
Standard Residential:				

0-10[(1)]	3.80	3.83	3.59	3.27
11-20	6.01	6.01	5.62	5.13
21-50	14.98	14.98	14.00	12.78
Above 50	16.50	16.50	15.43	14.08
Social:				
0-10[(1)]	1.08	1.20	1.12	1.02
11-20	2.05	2.05	1.92	1.75
21-30	7.32	7.32	6.84	6.24
31-50	10.42	10.42	9.74	8.89
Above 50	11.51	11.51	10.77	9.83
Urban areas occupied by low-income populations in irregular areas (*favelas*): vulnerable social starting in 2021:				
0-10[(1)]	0.82	0.91	0.85	0.78
11-20	1.03	1.03	0.96	0.88
21-30	3.45	3.45	3.23	2.95
31-50	10.42	10.42	9.74	8.89
Above 50	11.51	11.51	10.77	9.83
Non-Residential				
Commercial/Industrial/Governmental:				
0-10[(1)]	7.66	7.70	7.20	6.57
11-20	14.98	14.98	14.00	12.78
21-50	28.71	28.71	26.84	24.50
Above 50	29.90	29.90	27.96	25.52
Social Welfare Entities:				
0-10[(1)]	3.83	3.85	3.60	3.28
11-20	7.48	7.48	6.99	6.38
21-50	14.41	14.41	13.47	12.29
Above 50	14.97	14.97	13.99	12.77
Public Entities with contract:				
0-10[(1)]	5.74	5.77	5.39	4.92
11-20	11.22	11.22	10.48	9.57
21-50	21.59	21.59	20.18	18.42
Above 50	22.44	22.44	20.98	19.15

(1) The minimum volume charged is ten cubic meters per month.

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Sewage charges in each region are fixed and based on the same volume of water charged. In the São Paulo metropolitan region and the coastal region, the sewage tariffs are equal to the water tariffs. In the majority of the municipalities of the interior region of the State of São Paulo, sewage tariffs are approximately 20.0% lower than water tariffs. Wholesale water rates are the same for all municipalities served in the São Paulo metropolitan region. We provide sewage treatment services to those municipalities in line with the applicable contracts and tariffs. In addition, various industrial customers pay an additional sewage charge, depending on the characteristics of the sewage they

produce. Each category and class of customer pays tariffs according to the volume of water consumed. The tariff paid by a certain category and class of customer increases progressively according to the increase in the volume of water consumed. The first tranche (0-10) corresponds to the minimum fee that is charged to our customers for the consumption of water.

Government Regulations Applicable to our Contracts

Basic sanitation services in Brazil are subject to extensive federal, state and local legislation and regulations.

The Basic Sanitation Law and the New Legal Framework for Basic Sanitation

The sanitation sector was predominantly self-regulated until 2007, with tariffs negotiated directly between state and municipal governments and companies. The Basic Sanitation Law, effective from January 5, 2007, established nationwide guidelines for basic sanitation and encouraged state-municipal cooperation.

The New Legal Framework for Basic Sanitation, enacted on July 16, 2020, aims for universal water and sewage services by 2033, delegating regulatory authority to ANA and prohibiting new program contracts. Existing contracts remain in effect until the end of their contractual term, subject to the Universalization Targets for services being met by December 31, 2033.

Federal Decree No. 11,598/2023, enacted on June 12, 2023, outlines the methodology for demonstrating the economic and financial capacity of public service providers for drinking water supply or sanitary sewage. One of the main changes was the exclusion of the prior provision that the contracts for the public provision of such services made by the public companies which do not prove their economic and financial capacity must be declared invalid. On March 28, 2022, ARSESP confirmed our economic and financial capacity under the terms of the New Legal Framework for Basic Sanitation and the Federal Decree No. 10,710/2021. Following the procedure established by the applicable legislation, ARSESP's decision was later confirmed by the ANA.

Functions of ANA

The New Legal Framework for Basic Sanitation assigns to ANA the responsibility for the publication of technical norms for the regulation of public basic sanitation services. ANA is also the authority responsible for introducing reference standards for the methodology for calculating indemnities due to investments made and not yet amortized or depreciated.

The ANA's reference standards could be considered by subnational sanitation regulatory agencies (municipal, intercity, district and state) in their regulatory action.

According to the New Legal Framework for Basic Sanitation, ANA will have the role of issuing reference standards on:

- quality and efficiency standards for the services provided, maintenance and operation of basic sanitation systems;
- tariff regulation of public sanitation services;

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- standardization of instruments for the provision of public sanitation services executed by the holder of the public service and the delegate;
- targets for universalization of public sanitation services;
- criteria for regulatory accounting;
- progressive reduction and control of water losses;
- methodology to calculate amounts due as indemnity for the investments made and not yet amortized or depreciated;
- governance of regulatory entities;
- reuse of treated sanitary effluents, in accordance with environmental and public health standards;
- parameters for determining the expiry of the provision of public basic sanitation services;
- rules and goals for replacing the unitary system for the absolute separator system for effluent treatment;

- system to assess the compliance with targets for expanding and universalizing the coverage of public sanitation services; and
- minimum standards for the full coverage service provision and for the economic and financial sustainability of public sanitation services.

The New Legal Framework for Basic Sanitation provides for ANA's guidelines will apply to the basic sanitation sector nationwide, ensuring regulatory uniformity and legal certainty for the provision and regulation of services. ARSESP will be subject to these guidelines and will be required to incorporate any reference guidelines issued by ANA within a reasonable timeframe, which may not be less than 12 months from the publication of the respective reference standards.

ANA Standards

As a result of the New Legal Framework for Basic Sanitation, ANA is responsible for setting national reference standards for the regulation of the sanitation sector.

- Resolution No. 106 (2021): Standardizes amendments to Program and Concession Agreements to include Universalization Targets.
- Resolution No. 161 (2023): Sets the methodology for indemnifying unamortized or depreciated investments.
- Resolution No. 134 (2022): Regulates governance practices for subnational regulatory entities (*entidades reguladoras infranacionais* or "ERIs").
- Resolution No. 177 (2024): Establishes governance practices for ERIs.
- Resolution No. 178 (2024): Introduces a risk matrix for public water supply and sanitation contracts.
- Resolution No. 238 (2025): Regulates tariff models for water supply and sewage services.
- Resolution No. 187 (2024): Sets conditions for urban cleaning and waste management services.
- Resolution No. 192 (2024): Establishes goals for universalizing water supply and sewage services.
- Resolution No. 211 (2024): Sets operational indicators for water supply and sewage services.
- Resolution No. 228 (2024): Defines tariff adjustment procedures.
- Resolution No. 230 (2024): Standardizes water supply and sewage services across ERIs.

For 2025-2026, ANA plans to review tariff structures, set guidelines for treated sewage reuse, and standardize operational indicators for waste and rainwater management.

Agreements with Municipalities and Metropolitan Regions

In metropolitan regions, conurbations and microregions, the authority for public water and sewage systems is shared between states and municipalities. For other municipalities, the primary responsibility rests with the municipality itself.

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ARSESP

ARSESP regulates, controls and supervises piped gas and basic sanitation services in São Paulo. It oversees state-owned service and those delegated to the state, including tariff regulation, while respecting municipal competencies. ARSESP charges a fee of 0.50% of the revenue directly obtained with the service provision it regulates, less taxes levied on it.

ARSESP has addressed the methodology and criteria for updating the Regulatory Remuneration Base (*Base de Remuneração Regulatória*), along with the procedures for the Annual Certification of Investments for companies in the basic sanitation sector. Topics covered include asset control for basic sanitation concessionaires, general conditions for the provision and use of public urban cleaning and solid waste management services, and the risk allocation matrix associated with the provision of water supply and sewage services.

Following our Privatization, ARSESP Resolution No. 1635/2025 established the regulatory agenda for 2025 and 2026, which includes:

- Updating the methodology for certification and validation of regulatory assets;
- Updating the methodology for annual certification of investments in the Sanitation sector;
- Updating the definitions for charging clients with public network availability of water and sewage services who are not connected to the system;
- Updating the quality indicator of pavement replacements according to municipal laws;
- Proposing alternative solutions adapted to the local reality, individual or collective, including informal and rural areas; and

- Updating and standardizing the methodology of the sharing of efficiency gains (Factor X) for regulated gas pipeline and basic sanitation companies.

Marketing Channels

As of December 31, 2024, we were the concessionaire responsible for the provision of water supply and collection, treatment and disposal of sewage services directly to end consumers for 375 municipalities in the State of São Paulo. For more information on our marketing channels aimed at individual customers, see "Item 4.B Business Overview—Customer relationship."

We also supplied water and sewage services to two municipalities located in the São Paulo metropolitan region which we accounted for on a wholesale basis. It is the responsibility of these municipalities to then distribute the water to end consumers. Due to our distribution infrastructure, end consumers to whom we offer water services on a wholesale basis cannot alternatively acquire such services directly from us. For more information on service concessions, see "Item 4.B Business Overview—Water Operations."

For more information on our marketing channels aimed at municipalities, see "Item 4.B Business Overview—Competition—Competition for new Municipalities."

Power Consumption

Power is essential to our operations and, as a result, we are one of the largest users of energy in the State of São Paulo. In the year ended December 31, 2024, we used 2.841 GWh. Any significant disruption of energy to us could have a material adverse effect on our business, financial condition, results of operations or prospects. Energy prices have a significant impact on our results of operations. For the year ended December 31, 2024, we purchased approximately 68.0% of our total energy consumption in the independent energy contracting market (*Ambiente de Contratação Livre* or *Mercado Livre de Energia* – "ACL") where we can more efficiently negotiate the supply of energy because we can take advantage of market opportunities; and the remainder of our energy consumption comes from the regulated energy contracting market (*Ambiente de Contratação Regulado* or *Mercado Cativo* – "RCL") where energy is valued through tariffs set by the regulatory agency, which in this case is the National Electric Energy Agency (*Agência Nacional de Energia Elétrica* – "ANEEL").

Additionally, we are developing projects that aim to generate clean, renewable and sustainable energy. In 2019, we began to structure a distributed power generation program (*Programa de Geração Distribuída – Energia Fotovoltaica*) focused on solar energy. The program estimates that until the end of 2025 we will have a power generation capacity of around 60 MW, with a daily average output of 12 MW, corresponding to about 4.5% of our total energy consumption (base year 2018). By 2024, we had installed 27 photovoltaic power generation plants, with a power generation capacity of 35.6 MW. The credits obtained as part of this distributed generation were used to offset energy consumption of low voltage installations, which have a higher tariff. As such, about 74% of energy consumption carried out in low voltage will be supplied by renewable energy. The investment of approximately R$320.0 million foreseen in this program has an estimated payback of 7 to 8 years.

Insurance

We maintain insurance covering, among other things, fire or other damage to our property and office buildings and third-party liabilities. We also maintain insurance coverage for directors' and officers' liability ("D&O Insurance"). We currently obtain our insurance policies via Request for Proposal's ("RFPs") involving major global insurance companies that operate in Brazil. For the year ended December 31, 2024, we paid R$77.0 million in premiums (of which R$6.0 million are related to our D&O Insurance policy). Our insurance policies covered R$83.0 billion in assets and third-party liabilities, including R$200.0 million for D&O, Engineering Risk Insurance, Operational Risk Insurance, Environmental Risk Insurance and General Liability Insurance. We do not have insurance coverage for business interruption risk because we believe that the low risk of significant interruption to our activities does not justify the high premiums for such insurance. We believe that we maintain customary insurance levels for our type of business in Brazil. For further information, see "Item 3.D. Risk Factors—Risks Relating to the Regulatory Environment—Risks associated with the collection, treatment and disposal of wastewater and the operation of water utilities may impose significant costs that may not be covered by insurance, which could result in increased insurance premiums."

Intellectual Property

Trademarks and copyrights

We have secured registration of our nominative trademark ("Sabesp") at the Brazilian Institute of Industrial Property (*Instituto Nacional da Propriedade Industrial* – "INPI"). In addition, we have registered at least 50 other trademarks with the INPI.

We have also registered trademarks for twelve characters and have secured copyright registration for the character "Sani" with the School of Fine Arts of the Federal University of Rio de Janeiro (*Escola de Belas Artes da Universidade Federal do Rio de Janeiro* – UFRJ).

Furthermore, we have filed trademark applications with the INPI for the three nominative and composite trademarks.

Patents

We have six patents granted by the INPI: (i) a device for the removal of supernatants during the sewage treatment process, (ii) a rotary device used to clean water reservoirs transported by trucks with high-pressure hydro-jetting systems, (iii) a bubble removal system, autonomous micro-laboratory, and use of an autonomous micro-laboratory to monitor water quality, together with USP, (iv) a chemical composition sensor, its fabrication process and its use to measure pH in microfluid systems, together with USP, (v) water leakage detection equipment: method and simulation bench for leakage in lines, together with FAPESP and UNESP, and (vi) a device for the installation of water meters.

We have filed eleven patent applications for additional devices or inventions, some of which have been jointly filed with certain Brazilian universities as a result of our cooperation agreements with these institutions. We are currently awaiting the INPI's decisions.

In addition to these Brazilian patent applications, we also filed two international patent applications under the Patent Cooperation Treaty ("PCT"), which are in the process of registration in the European Union.

For more information on our cooperation agreements with Brazilian universities and FAPESP, see "Item 5. Operating and Financial Review Prospects—C. Research and Development, Patents and Licenses, etc.—Research and innovation."

Software

We have adopted an internal policy that provides for an active and effective audit and prevention of unauthorized software use. We have acquired the software licenses for all our workstations.

We have also developed 26 computer programs for management and control of water and sewage treatment facilities, as well as for third-party services management for the management and control of the water treatment process and Electric energy management system.

We have also registered all of these programs at the INPI.

Domain Names

We own the domain names listed below, which have been registered with the relevant entity in Brazil, Registro.br:

- www.sabesp.com.br;
- www.revistadae.com.br; and
- Sabesp2via.net.

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Environmental Matters

Considering the multidisciplinary nature of sanitation services, in addition to elaborating a corporate climate strategy, we also undertake several initiatives aimed at preserving the environment. Our current corporate strategy places sustainability as essential to our business, and environmental fronts and initiatives have gained strength and have reflected our commitment to proactively address the most current environmental and climate challenges.

Environmental management is inherent in the provision of our services and part of our core business strategy. Our performance is guided by standards and monitored through an integrated approach to ensure the sustainability of our operations. With the recent organizational restructuring, the environmental licensing process for works and projects, which was previously decentralized among our various business areas, has been centralized in a single department, enabling a global overview that covers all phases of the process, from conception to decommissioning of facilities. Additionally, our management of compliance with the conditions of the environmental licenses has also been incorporated into this area.

This centralized management brings us several benefits. By concentrating the licensing process in a single area, we enhanced the efficiency of our management, standardized and simplified procedures, and optimized internal communication. This also provides a more comprehensive and integrated perspective of activities, enabling a more

strategic and consistent approach to environmental issues. Additionally, by incorporating the management of compliance with environmental license conditions, we reinforce our commitment to legal compliance and sustainability.

We have the following ongoing environmental programs allocated to the Environmental, Regulatory and Sustainability corporate areas.

Management of environmental and climate issues such as:

- GHG Emissions, with annual inventories; the promotion of awareness-raising activities on climate issues; encouraging and supporting the reduction of GHG emissions in our operations; conducting studies to identify the potential for carbon sequestration and storage in our forest reserves; performing risk and resilience assessments in relation to climate change; and adhering to the relevant national and international initiatives and guidelines. In 2023 and 2024, we were awarded the GHG Inventory Gold Seal by the Brazilian GHG Protocol Program. For more information, see "Item 4.B. Business Overview—Environmental Matters—Climate Change Regulations: Reduction of Greenhouse Gases (GHG) Emissions;"
- Corporate program for obtaining and maintaining licenses for water treatment plants, sewage treatment plants and sewage pumping stations (*Programa Corporativo de Obtenção e Manutenção de Licenças de Estações de Tratamento de Água, Estações de Tratamento de Esgotos e Estações Elevatórias de Esgotos*), in order to meet the requirements of the licensing authority, in addition to structuring operations for the renewal and maintenance of these licenses. For that purpose, we have had a program since 2017, approved by CETESB, related to the operational licenses of the sewage pumping stations. In 2022, a similar program was approved for water treatment plants and wastewater treatment plants;
- Corporate program for obtaining and maintaining grants for the use of water resources (*Programa Corporativo de Obtenção e Manutenção das Outorgas de Uso de Recursos Hídricos*), including water collection, releases and dams. The grant provides the necessary resources to subsidize the processing of use of and payment for water resources. We are the biggest payer for water use in the State of São Paulo;
- Environmental education program (*Programa de Educação Ambiental* – "PEA"), an important tool for strengthening the effectiveness of our sanitation activities, which propitiates connections with the communities we service through over several environmental education projects. The activities developed by the PEA are organized with the following objectives: raise awareness of the intrinsic value of water; protect the environment; preserve streams; improve the quality of the environment; raise awareness of sanitation activities; and raise awareness of the conscious use of water;
- Management of our institutional representation in the state and national systems of water resources, including training of company representatives to participate in: (i) the creation of criteria for water usage charges, (ii) preparation and review of river basin plans (*Planos de Bacias*), (iii) review of water bodies' classifications, and (iv) analysis of legislations regarding the protection of water sources;
- SABESP 3Rs program (*Programa SABESP 3Rs*) for the reduction, reuse and recycling of waste from administrative activities, in partnership with waste and recycling collecting cooperatives and which includes employee training enabling them to act as multipliers in the roll-out of the program;

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- The progressive implementation and maintenance of the Environmental Management System ("EMS") in our water and sewage treatment plants aiming to improve the efficiency of the systems, manage the risks and implement preventive actions to avoid impacts on the environment, considering the relevance of these plants for our core activity. Since 2015, we have been working on the EMS with a mixed model, whereby the ISO 14001 standard is applied to a limited number of certified plants, while the other plants adopt the environmental management model developed internally (named SGA-SABESP), without aiming certification. The EMS is currently in place in 741 treatment plants, 35 of which are ISO 14001 certified, representing 86.8% of our treatment plants. We expect to implement the EMS in all plants by 2025;
- Corporate program for sustainable wastewater treatment plants, which aims to disseminate our culture of sustainability and the application of technologies and practices to transform the by-products generated in sewage treatment plants, specifically, biogas, sludge and effluent, in sustainable resources for beneficial use, with added value for the market, considering their energy use and

contribution for the reduction of GHG emissions. In 2024, three additional sewage treatment plants were recognized by our corporate program for sustainable wastewater treatment plants as "sustainable".

- Corporate program of environmental recovery commitment terms (*Programa Corporativo de Termos de Compromisso de Recuperação Ambiental*) arising from the environmental licensing of new ventures, which includes obligations of forest restoration with environmental compensation purposes, when necessary. From 2017 to 2024, we accounted for 840 thousand buds for plantation. Of these, 707 thousand have already been planted.

To provide technical support for environmental programs, we carry out corporate training on topics related to environmental management. This initiative aims to promote continuous professional development with specific content aimed at strategic, management and operational teams.

In addition to corporate environmental management actions, we have several projects and initiatives underway to benefit the environment, such as actions to protect water springs, projects for the rational use of water, reuse of effluents, projects for the use of photovoltaic energy and biogas as vehicle fuels, as well as other environmental projects focused on the engagement of the population at large.

We are a signatory of the United Nations Global Compact, support the 17 United Nations Sustainable Development Goals and maintain a partnership with the United Nations Framework Convention on Climate Change (UNFCCC). These initiatives aim to stimulate actions in areas of crucial importance to humanity, the planet, countries and companies, including the enhancement of sanitation services for the preservation of the environment, quality of life and the mitigation of climate change.

Climate Change Regulations: Reduction of Greenhouse Gases (GHG) Emissions

We are required to comply with laws and regulations related to climate change, including international agreements and treaties to which Brazil is signatory. At the state level, we are also subject to the State Policy on Climate Change for the State of São Paulo (Law No. 13,798/2009), regulated by Decree No. 68,308/2024. At the federal level, we are subject to the National Climate Change Policy (Law No. 12,187/2009), regulated by Decree No. 9,578/2018.

In 2024, we concluded our annual GHG inventory, revealing that sewage collection and treatment activities are our main source of GHG emissions, accounting for 76.8% of our total annual GHG emissions in the year ended December 31, 2024. Electricity accounted for 4.55% of our total annual GHG emissions in the year ended December 31, 2024.

As we expand our services, we expect increased organic loads and GHG emissions but also contribute to reducing GHG emissions in aquatic ecosystems, aligning with the Climate Action Plan 2050. We are exploring less carbon-intensive alternatives in our operational activities and with the support of a specialized consultancy, both in the context of adaptation and climate mitigation.

We have already evaluated plans for a series of actions aimed at reducing GHG emissions, including:

- the use of complementary technologies and the optimization of the operations in sewage treatment plants;
- the expansion of the beneficial use of biogas and generated sludge;
- the expansion of the use of clean and renewable energy sources and alternative fuels; and
- activities of forest conservation and restoration.

Among the actions already implemented or currently in progress, we highlight the following examples, as detailed in the paragraphs below.

In 2023, incentivized energy from ACL accounted for 14% of our energy consumption. As of December 31, 2024, we increased this to 21% due to purchases of energy on the ACL market and our distributed power generation program (*Programa de Geração Distribuída – Energia Fotovoltaica)*. This program added 12 more photovoltaic power generation plants, totaling 27 operating plants with an estimated generation capacity of 60 MW, scheduled to be completed in 2026. We also use solar energy in other operational processes such as radio data transmission, flow measurement systems in wastewater treatment plants, effluent disinfection systems, lighting for administrative unit headquarters, and a floating photovoltaic power plant project.

We produce agricultural compost, "*Sabesfértil*", from sludge at a wastewater treatment plant in the municipality of Botucatu. Similar projects for the use of sludge from wastewater treatment plants are under development at our other plants. In the coastal region, we have developed a system for the solar drying of wastewater treatment plant sludge with

forced ventilation and mechanized mixing and fragmentation of the sludge. A similar project is already in operation in a wastewater treatment plant located in the central-west region of the state.

In the Franca wastewater treatment plant, we use biogas to produce vehicle fuel to supply part of our fleet, reducing GHG emissions. We also have projects to cover sewage treatment anaerobic lagoons to capture and burn the biogas. We are developing methane reduction projects and energy recovery initiatives at wastewater treatment plants, along with research into small hydro-generators. We have also implemented projects for the covering of anaerobic lagoons with the covering supported in the liquid surface.

We are implementing sustainability initiatives in our corporate vehicle fleet. This significantly reduced annual gasoline consumption, avoiding GHG emissions.

We engage in discretionary forest reserve maintenance and restoration activities, contributing carbon sequestration and climate adaptation. We preserve approximately 49,000 hectares within conservation units, with nine thousand hectares of floods areas and 39,000 hectares of rain forest, where the main metropolitan springs are located.

Water Usage

The use of water resources in Brazil is regulated by Federal Law No. 9,433/1997, which establishes the National Water Resources Policy. This law requires prior authorization for any use of water resources that may impact the natural system, quantity, or quality of water in a given body of water.

As a result, our water use—including water supply and effluent discharge—requires a water grant (*outorga de uso da água*) or, in specific cases, a formal waiver, provided that all legal requirements are met.

The authority responsible for issuing the water grant depends on the domain of the water body, for example, whether it is under federal or state domain. If the water body falls under federal domain, ANA is responsible, and the legal requirements are outlined in Federal Law No. 9,433/1997 and ANA's Resolution No. 1,941/2017. For water bodies under the domain of the State of São Paulo, SP Águas is the public authority which grants the authorization, and the legal requirements are outlined in the State Water Policy, Law No. 7,663/1991, and in the State Supplementary Law Lei Complementar No. 14,013/2025, as well as DAEE's Ordinance No. 1,630/2017.

Noncompliance with the applicable law regarding the use of water resources may result in environmental liabilities, such as administrative infraction and environmental crime, without prejudice to the obligation to indemnify eventual damages caused to the environment. At the administrative federal level, sanctions can range from simple warning, the application of fines ranging from R$5,000.00 to R$50.0 million and the prohibition of the source of use of water resources, which may indirectly impact related developed activities. This amount can be doubled in the event of a repeat offense. In addition, water pollution may subject the offender to fines ranging from R$5,000.00 to R$50.0 million.

State law establishes the basic principles governing the use of water resources in the State of São Paulo in accordance with the State constitution. These principles include:

- rational utilization of water resources, ensuring that their primary use is to supply water to the population;
- optimizing the economic and social benefits resulting from the use of water resources;
- protection of water resources against actions which could compromise current and future use;
- defense against critical hydrological events which could cause risk to the health and safety of the population or economic and social losses;
- development of hydro-transportation for economic benefit;

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- development of permanent programs of conservation and protection of underground water against pollution and excessive exploitation; and
- prevention of soil erosion in urban and rural areas, with a view to protecting against physical pollution and silting of water resources.

State Law No. 12,183/2005 established the basis for charging for the use of the water resources under the domain of the State of São Paulo. The criteria for calculating the amount of the charge are proposed by the river basin committees and must be submitted for approval to the state water resources council and formalized by a specific decree issued by the Governor of the State of São Paulo.

In accordance with current legislation, the river basin committees prepare and approve rules and criteria for the implementation of the charges, and the National Water Agency, SP Águas and the Basin Agencies (*Agências da Bacia*) are authorized to charge users, such as us, for the water collection or discharge of effluents into water bodies.

The State of São Paulo has a total of 21 river basin committees, four of which operate in basins that extend across more than one state, classified as interstate. Charging for the use of water resources has already been implemented by all river basin state committees since 2024.

For the year ended December 31, 2024, we paid approximately R$80.0 million for the collection and discharge into federal and state-controlled rivers.

Water Quality

Annex XX of Consolidation Ordinance No. 5, amended by Ordinance No. 888 of May 2021, issued by the Ministry of Health of the federal government, provides the standards for potable water for human consumption and establishes potability standards in Brazil. It also outlines rules for sampling and limits related to substances that are potentially hazardous to human health.

In compliance with Brazilian law, the physical-chemical, organic and bacteriological analyses carried out for water quality control must follow national and international standards, such as: Standard Methods for the Examination of Water and Wastewater, amongst others. Federal Decree No. 5,440/2005 determines the disclosure of water quality information to consumers. We have been complying with this regulation by publishing the required information in monthly bills and annual reports delivered to all consumers that we serve.

Environmental Regulation

The development, implementation and operation of water and sewage systems are subject to federal, state and local laws and regulations on environmental and water-resource protection.

CONAMA and IBAMA are the primary federal agencies overseeing activities with potential environmental impacts. At state level, CETESB is responsible for controlling, supervising, monitoring and licensing of polluting activities. Environmental control and planning in Brazil are governed by a combination of federal and state laws and regulations. These legal instruments establish guidelines for pollution control, water resource management, and environmental licensing.

Federal Laws and Regulations

We are subject to the following federal environmental laws and regulations in our operations:

- Supplementary Law No. 140/2011: Regulates: (i) environmental licenses, (ii) federal, state, and municipal jurisdiction over environmental matters, (iii) activities subject to licensing, and (iv) environmental impact studies and reports.
- Brazilian Forestry Code (Law No. 12,651/2012): Requires the preservation of permanent protection areas (APPs), particularly around water springs and reservoirs. Recognizes these areas as essential for: (i) water security, (ii) geological stability, (iii) biodiversity conservation, and (iv) soil nutrition.
- CONAMA Resolution No. 05/1988: Requires environmental licensing for sanitation projects that significantly alter the environment.
- CONAMA Resolution No. 357/2005, amended by Resolution No. 430/2011: Establishes standards for the discharge of effluents into water bodies.
- ANA (National Water and Sanitation Agency) Resolution No. 1,941/2017: Regulates the granting of water use rights and interventions in federal water resources.

State Laws and Regulations (São Paulo):

We are subject to the following state environmental laws and regulations in our operations:

- State Law No. 997/1976, regulated by Decree No. 8,468/1976 and its amendments: (i) establishes environmental pollution control mechanisms, (ii) defines standards for effluent discharge at the state level.

- State Law No. 9,509/1997, regulated by State Decree No. 47,400/2002: defines São Paulo's state environmental policy.
- DAEE (São Paulo State Department of Water and Electricity) Ordinance No. 1,630/2017: Governs the concession of water use rights and interventions in water resources at the state level.

Our reservoirs that were operational before the enactment of these abovementioned laws and regulations are exempt from developing a PACUERA, as such obligation applies only to reservoirs established thereafter.

Environmental Licensing

Environmental licensing in Brazil is governed by federal, state, and local laws, requiring license for activities that (i) use natural resources, (ii) are effectively or potentially polluting, or (iii) can cause environmental damage. Federal Law No. 6,938/1981 mandates prior licensing, while Supplementary Law No. 140/2011 divides responsibilities among IBAMA, state and municipal authorities.

- IBAMA: Licenses activities across multiple states, in federal areas, or involving nuclear energy.
- Municipal authorities: License activities with strictly local impact.
- State environmental agencies: Handle all other licensing.

Projects with significant environmental impact require an Environmental Impact Assessment and Environmental Impact Report (*Estudo de Impacto Ambiental – EIA and Relatório de Impacto Ambiental – RIMA*), with a minimum 0.5% offset.

Licensing process usually consists of three stages: preliminary license; installation license; and operation license. Environmental licenses must be periodically renewed, with renewal requests filed up to 120 days prior to the expiration date.

Non-compliance with license conditions may lead to administrative sanctions, including fines or license revocation. Operating without a valid environmental license constitutes an administrative infraction and environmental crime, with fines up to R$50.0 million and jointly and severally liability for environmental damage, regardless of fault or intent.

In the State of São Paulo, CETESB oversees licenses and pollution control. CETESB Executive Officers' Resolution No. 012/2022/C launched a program for water treatment plants and sewage treatment plants, to be completed by 2027. We have implemented corporate programs for obtaining and maintaining licenses, covering water treatment plants and sewage pumping stations, and for environmental recovery Commitment Terms, including forest restoration and environmental compensation, aligned with CETESB Resolution No. 012/2022/C.

Sewage Requirements

In the State of São Paulo, effluent must meet public sewage system requirements before discharge.

Compliance with water quality standards can be defined as follows. Effluent treated at our sewage treatment facilities must comply with: (i) effluent limitation guidelines and (ii) water quality standards applicable to the receiving water bodies, as established by federal and state legislation.

CETESB is authorized to: (i) monitor effluent discharges into water bodies and (ii) issue environmental licenses to polluting sources, including sewage treatment plants.

Both state and federal water resource legislation establish fees for the discharge of treated effluents into water bodies. This charge is already in effect in most river basins.

Especially Protected Areas or Spaces

We manage and protect approximately 49,000 hectares within conservation units, as defined by Federal Law No. 9,985/2000.

The Cantareira System management plan for its Environmental Protection Area (*Área de Proteção Ambiental* – APA) was formally approved by Decree No. 65,244/2020.

This structured approach ensures the preservation and sustainable management of critical water resources in compliance with federal and state environmental legislation.

Environmental Liabilities

Environmental liability in Brazil is comprehensive and strict, applying to individuals and legal entities that cause direct or indirect environmental damage through action or omission. It is regulated under civil, administrative, and criminal law, ensuring that environmental harm is remediated, sanctioned, and prevented.

Pursuant to Federal Law No. 6,938/1981, Brazil adopts a strict liability standard for environmental damages considering civil environmental liability, meaning (i) liability is applied regardless of fault or intent, and (ii) evidence of a causal link between the damage and an enterprise or activity is sufficient to trigger the obligation to remediate the environmental harm.

Environmental civil liability is joint and several, meaning all parties (individuals and legal entities) directly or indirectly involved in the activity that caused environmental damage can be held fully liable. If multiple parties are responsible, the financially strongest party may be required to bear the full remediation cost but may later seek recourse against other responsible parties through: (i) contractual agreements, or (ii) judicial action demonstrating the involvement of others.

Courts may pierce the corporate veil when a party obstructs environmental remediation, even without proof of fraud or misuse of the corporate structure. The mere failure to remediate environmental damage is enough to justify holding shareholders personally liable in the civil sphere.

There is no cap on the amount courts may award for: (i) repairing environmental damage, or (ii) compensation if the damage is deemed irreparable. A recent precedent from the Brazilian Federal Supreme Court (STF) abolished the statute of limitations for lawsuits seeking reparation or compensation for environmental damage.

Administrative Environmental Liability, under Federal Decree No. 6,514/2008, can be defined as any action or omission that violates legal environmental regulations constitutes an environmental administrative infraction, even if no actual environmental damage has occurred. Administrative sanctions and penalties vary based on the severity of the infraction and the economic capacity of the offender. Sanctions may include: (i) fines (single or daily), (ii) warnings, (iii) restriction of rights, (iv) seizure of products and byproducts, (v) closure of facilities, (vi) prohibition from contracting with public entities, (vii) suspension of permits, (viii) loss of financial or fiscal benefits, and (ix) full or partial suspension of activities.

Legal entities can be held criminally liable for environmental offenses. If convicted, penalties may include: (i) fines, (ii) temporary bans on rights, (iii) partial or total suspension of activities, and (iv) other sanctions, independent of any administrative penalties or civil liabilities related to the same facts.

The criminal liability of legal entities does not exclude the criminal liability of natural persons (e.g., officers, board members, or technical staff) who authorized, participated in, or facilitated the offense.

Scope of Business

In connection with the scope of our services, State Supplementary Law No. 1.025/2007 amended State Law No. 119/1973 and expanded the range of services that we can render, with the inclusion of urban rainwater drainage and management, urban cleaning and solid waste management, as well as power generation, storage, conservation and sales activities, for our own or third-party use.

C.Organizational Structure

Not applicable.

D.Property, Plant, Equipment, Intangible Assets and Contract Assets

Our principal property, plant and equipment comprise administrative facilities which are stated at historical costs less depreciation. The reservoirs, water treatment facilities, water distribution networks consisting of water pipes, water transmission lines, water connections and water meters, sewage treatment facilities, and sewage collection networks consisting of sewer lines and sewage connections are recorded as contract assets and intangible assets (concession assets). We operated 250 water treatment facilities and 622 sewage treatment facilities, including eight ocean outfalls, as well as 16 water quality control laboratories.

As of December 31, 2024, the total net book value of our property, plant and equipment, intangible assets and contract assets (including concession assets) was R$50,210.3 million.

All of our material properties are located in the State of São Paulo.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following management's discussion and analysis of financial condition and results of operations should be read in conjunction with our audited Consolidated Financial Statements included elsewhere in this annual report. The Consolidated Financial Statements included elsewhere in this annual report have been prepared in accordance with IFRS as issued by the IASB. This annual report contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set forth in "Item 3.D. Risk Factors."

In the following discussion, references to increases or decreases in any period are made by comparison with the corresponding prior period, except as the context otherwise indicates.

The financial statements of subsidiaries are included in the consolidated financial statements from the date we obtain control until the date when such control ceases to exist. All financial information for the years ended December 31, 2024 and 2023 were prepared on a consolidated basis, while all financial information for the year ended December 31, 2022 was prepared on an individual basis because we had no subsidiaries to consolidate in that year.

A. Operating and Financial Review and Prospects Overview

As of December 31, 2024, we operated water and sewage systems in the State of São Paulo, including in the city of São Paulo, Brazil's largest city. Our operations extended into a total of 375 municipalities, or 58% of all municipalities in the state. We also provided water services and accounted for on a wholesale basis to two municipalities located in the São Paulo metropolitan region in which we did not operate water distribution systems. Our capital expenditure program is our most significant liquidity and capital resource requirement.

Since December 11, 2023, we started providing water and sewage services in Olímpia, through our wholly-owned subsidiary Sabesp Olimpia S.A. As a result, we started to present our financial information on a consolidated basis starting with our 2023 Consolidated Financial Statements. Prior to that date, we did not have any subsidiaries whose results we consolidated on a line-by-line basis.

Factors Affecting our Results of Operations

General Factors Affecting our Business

Our results of operations and financial condition are generally affected by our ability to raise tariffs, control costs and improve productivity, general economic conditions in Brazil and abroad, climate conditions, impacts of regulation for sanitation services, global and local catastrophes and health epidemics and extreme weather events.

In the event of a significant devaluation of the *real* in relation to the U.S. dollar or other currencies, our ability to meet our foreign currency denominated obligations could be adversely affected because our tariff revenue and other sources of income are denominated solely in reais. In addition, as we have debt denominated in foreign currencies, any significant devaluation of the *real* will increase our financial expenses as a result of foreign exchange losses that we must record. Accordingly, a devaluation of the *real* may adversely affect us and the market price of our common shares or ADSs. In December 2023, our Board of Directors approved our Hedging Policy, which is available on our website but is not incorporated herein, and in December 2024, we entered into derivative instruments (plain vanilla swaps), with expiration dates ranging from July 2025 to March 2048, to fully protect us against a devaluation of the *real* against the U.S. dollar or the Yen. For more information with respect to our foreign currency risk, see Note 5.1(a) to our 2024 Consolidated Financial Statements.

Effects of Tariff Increases

Our results of operations and financial condition are dependent on tariff increases for our water and sewage services. Since the enactment of the Basic Sanitation Law in 2007, regulatory agencies are responsible for setting, adjusting and reviewing tariffs, taking into consideration, among other factors:

- anti-inflation measures enacted by the federal government from time to time;
- impacts of health epidemics such as COVID-19; and
- when necessary, the readjustment to maintain the original balance between each party's obligation and economic gain (*equilíbrio econômico-financeiro*) under the agreement.

Readjustment of our tariffs continues to be set annually and depends on the parameters established by the Basic Sanitation Law and ARSESP, except for Olímpia The guidelines also establish procedural steps and the terms for

annual adjustments. The annual adjustments must be announced 30 days prior to the effective date of the new tariffs. For more information, see "4.B. Business Overview—Tariffs."

The following table sets forth, for the years indicated, the percentage increase of our tariffs, as compared to three inflation indexes:

	Year ended December 31,		
	2024	**2023**	**2022**
Increase in average tariff[(1)]	6.45%	9.56%	12.80%
Inflation – IPC – FIPE	4.68%	3.15%	7.32%
Inflation – IPCA	4.83%	4.62%	5.79%
Inflation – IGP-M	6.54%	(3.18)%	5.45%

(1)See "Item 4.B. Business Overview—Tariffs" for addition information on tariff increases.

Sources:Central Bank, *Fundação Getulio Vargas* ("FGV"), IBGE, and *Fundação Instituto de Pesquisas Econômicas*.

On April 6, 2023, ARSESP published Resolution No. 1,394/2023 related to the Extraordinary Tariff Review and Resolution No. 1,395/2023, which presented the new tariffs and authorized us to apply a total tariff readjustment of 9.5609% to our current tariffs. This tariff adjustment became effective on May 10, 2023. On April 8, 2024, ARSESP published Resolution No. 1,514, which authorized a total tariff readjustment of 6.4469% to our tariffs, which was in force between May 10, 2024 and July 22, 2024.

From July 23, 2024, with the commencement of Concession Agreement No. 01/2024, the new tariffs published by ARSESP came into effect through Resolution No. 1,539/2024, including discounts on the tariffs in force at the time as authorized by the Government of the State of São Paulo.

Effects of Brazilian Economic Conditions

As a company with all of its operations in Brazil, our results of operations and financial condition are affected by general economic conditions in Brazil, particularly by the economic activity and the inflation rate. For example, the general performance of the Brazilian economy may affect our cost of capital and inflation may affect our costs and margins. The Brazilian economic environment has been characterized by significant variations in economic growth rates. However, as our product is viewed as essential, in normal conditions our sales revenue demonstrates stability.

General Economic Conditions

In 2022, Brazilian GDP increased 2.9% in comparison with 2021. Brazil's trade surplus in 2022 was US$61.8 billion and at year-end the country had US$324.7 billion in currency reserves. The average unemployment rate in Brazil in 2021 was 9.6%.

In 2023, Brazilian GDP increased 2.9% in comparison with 2022. Brazil's trade surplus in 2022 was US$98.8 billion and at year-end the country had US$355.0 billion in currency reserves. The average unemployment rate in Brazil in 2022 was 7.8%.

In 2024, Brazilian GDP increased 3.4% in comparison with 2023. Brazil's trade surplus for the year ended December 31, 2024 was US$74.6 billion and at year-end the country had US$329.7 billion in currency reserves. The average unemployment rate in Brazil for the year ended December 31, 2024 was 6.6%.

Interest Rates

As a political monetary instrument of the federal government, the SELIC rate influences the behavior of other interest rates in the country, including the rates related to indebtedness denominated in local currency. The SELIC rate was 13.75% in the first half of 2023, decreased to 10.50% in August 2024, and increased to 14.25% in March 2025, where it remains as of the date of this annual report.

Inflation

Inflation affects our financial performance by increasing our tariffs, costs of services rendered and operating expenses. Part of our *real*-denominated debt is directly indexed to take into account the effects of inflation. Additionally, we are exposed to the mismatch between the inflation adjustment indices of our loans and financing and those of our receivables.

Inflation adjustments derive from collections from or payment to third parties, as contractually required by law or court decision, and are recognized on an accrual basis. Inflation adjustments included in these agreements and decisions are not considered embedded derivatives, since they are deemed as inflation adjustments for us. See Notes 3.21, 5.1 and 20 of our 2024 Consolidated Financial Statements for the impacts of inflation adjustments on our financial performance and debt.

Currency Exchange Rates

We had total foreign currency-denominated indebtedness of R$3,356.4 million as of December 31, 2024, of which R$363.1 million relates to the current portion of our long-term foreign currency-denominated obligations. However, as of December 31, 2024, we have fully hedged our currency exposure, including interest payments.

The following table shows the fluctuation of the *real* against the U.S. dollar, the period-end exchange rates and the average exchange rates as of or for the years indicated:

	Year ended December 31,		
	2024	**2023**	**2022**
			(in reais, except percentages)
Depreciation (appreciation) of the *real* versus U.S. dollar[(1)]	27.9%	(7.21)%	(6.50)%
Period-end exchange rate – US$1.00	6.1923	4.8413	5.2177
Average exchange rate – US$1.00[(2)]	5.3890	4.9953	5.1653

(1) Represents the comparison with period-end exchange rate. Source: Central Bank.

(2) Represents the average for period indicated.

The following table shows the fluctuation of the *real* against the Yen, the period-end exchange rates and the average exchange rates as of or for the years indicated:

	Year ended December 31,		
	2024	**2023**	**2022**
		(in reais, except percentages)	
Depreciation (appreciation) of the *real* versus Yen[(1)]	15.3%	(13.52)%	(18.36)%
Period-end exchange rate – ¥1.00	0.0395	0.0342	0.0396
Average exchange rate – ¥1.0[(2)]	0.0356	0.0356	0.0395

(1) Represents the comparison with period-end exchange rate. Source: Central Bank.

(2) Represents the average for period indicated.

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In the years ended December 31, 2024, 2023 and 2022, we did not enter into any forward exchange transactions.

In December 2024, we entered into derivative instruments (plain vanilla swaps), with expiration dates ranging from July 2025 to March 2048, to fully protect us against a devaluation of the *real* against the U.S. dollar or the Yen.

For more information on exchange rates, see "Item 3.D. Risk Factors—Risks Relating to Brazil—Exchange rate instability and developments and the perception of risk in other countries, especially in the United States and in emerging market countries, may adversely affect us, our foreign currency denominated debt and the market price of our common shares or ADSs and our ability to service our foreign currency denominated obligations", "Item 5.B. Liquidity and Capital Resources—Indebtedness Financing—Financial Covenants" and Note 5.1 (d) of our 2024 Consolidated Financial Statements.

Effects of Extreme Weather Events

In February 2023, there were torrential rains on the northern coast of the State of São Paulo, especially in the municipality of São Sebastião, where we operate. Within 24 hours, 683mm of rain fell in the municipality of São Sebastião. As a result, our water treatment plants in the region were damaged, and the water supply was interrupted for a few days, due to the inability to store water immediately, and lack of electricity. If similar incidents, or incidents that involve the interruption of power supplies to our facilities, occur in the future or become more frequent, these events may have a material adverse effect on our results of operations and financial condition.

Extreme events such as heat waves and torrential storms, can interrupt the electricity supply at our water pumping and treatment plants, due to trees falling on the electricity distribution networks, which could prevent the treatment of water and potentially its supply to our consumers. In addition, torrential rain destabilizes the soil and can damage our water distribution networks.

Considering the existing structure, which enables the transfer of treated water between the producing systems of the Integrated Water Supply System of the Metropolitan Region of São Paulo, we are able to implement measures to re-establish and maintain regularity in the distribution of water to serve our consumers. However, if similar incidents occur in the future or become more frequent, these events could have an adverse effect on our operating results and financial situation.

For more information, see "Item 3.D. Risk Factors—Risks Relating to Environmental Matters and Physical and Climate Transition Risks—Droughts, such as the 2014 – 2015 water crisis, can cause a material impact on consumption habits and, consequently, on our business, financial condition or results of operations".

Critical Accounting Estimates and Judgments

We make estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgments that have a significant risk of causing material adjustment to the carrying amount of our assets and liabilities within the next financial year are mentioned below.

Allowance for Doubtful Accounts

We establish an allowance for doubtful accounts in an amount that our management considers sufficient to cover expected losses, based on an analysis of trade receivables, in accordance with the accounting policy stated in Note 3.5 to our 2024 Consolidated Financial Statements as of December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022. Bad debt expense, net of recoveries, is included in selling expenses, and was R$557.8 million, R$652.9 million and R$782.1 million for the years ended December 31, 2024, 2023 and 2022, respectively.

The methodology for determining the allowance for doubtful accounts requires significant estimates, considering a number of factors, including historical collection experience, current economic trends, expected future losses, the aging of the trade receivables portfolio, recoveries of previously written off receivables and other factors. Actual results could differ from those estimates.

Intangible Assets Arising from Concession Agreements

As of December 31, 2024, we had intangible assets of R$44,771.1 million and contract assets of R$4,877.7 million.

We recognize intangible assets arising from concession agreements under IFRIC 12. We estimate the fair value of construction and other work on the infrastructure to recognize the cost of the intangible asset, which is recognized when the infrastructure is built and provided that it will generate future economic benefits. The great majority of our contracts for service concession arrangements entered into with each grantor is under service concession agreements in which we have the right to receive, at the end of the contract, a payment equivalent to the asset balance of the

concession intangible asset, which, in this case, is amortized over the useful life of the underlying physical assets; thus, at the end of the contract, the remaining value of the intangible would be equal to the residual value of the related physical asset.

The fair value of construction and other work on the infrastructure is recognized as revenue, at its fair value, when the infrastructure is built, provided that this work is expected to generate future economic benefits. The accounting policy for the recognition of construction revenue is described in Note 3.4 (*Operating Revenue*) to our 2024 Consolidated Financial Statements.

Intangible assets related to concession agreements, when there is no right to receive the residual value of the assets at the end of the contract, are amortized on a straight-line basis over the period of the contract or the useful life of the underlying asset, whichever is shorter.

The recognition of fair value for the intangible assets arising on concession agreements is subject to assumptions and estimates, and the use of different assumptions could affect the carrying amounts of these assets. The amortization of intangible assets and estimated useful lives of the underlying assets also requires significant assumptions and estimates could affect amortization of intangible assets and remaining useful lives of the underlying assets and can have a significant impact on the results of operations.

Accruals and Contingent Liabilities

We are a party to a number of legal proceedings involving significant monetary claims. These legal proceedings include, among other types, disputes with customers and suppliers and tax, labor, civil, environmental and other proceedings. For a more detailed discussion of these legal proceedings, see Note 22 to our 2024 Consolidated Financial Statements included in this annual report. We recognize provisions for legal proceedings in which our company has a present obligation as a result of past events (either due to an explicit agreement or duty, known as a legal obligation; or due to our past actions, known as a constructive obligation), it is probable that an outflow of resources embodying economic benefits will be necessary to settle the obligation and the amount of obligation can be estimated reliably. Therefore, we are required to make judgments regarding future events for which we often seek the advice of legal counsel. As a result of the significant judgment required in assessing and estimating these provisions, actual losses realized in future periods could differ significantly from our estimates and could exceed the amounts which we have provisioned.

As of December 31, 2024, we were party to judicial and administrative proceedings, relating to civil, environmental and tax matters, amounting to R$2.4 billion (after deducting court escrow deposits in the amount of R$28.5 million) with respect to which we recognized provisions based on the criteria described above, as shown in Note 3.16 to our 2024 Consolidated Financial Statements included in this annual report. As of December 31, 2024, claims classified as contingent liabilities amounted to R$22.2 billion, of which R$9.6 billion relate to claims where we classified the risk of loss as possible and R$12.6 billion relate to claims where we classified the risk of loss as remote. In our financial statements, we only disclose information about contingent liabilities we classified as possible loss and do not record or disclose information related to remote contingencies. For further information, see “Item 3.D. Key Information—Risk Factors—Risks Relating to our Business—Any substantial monetary judgment against us or any of our directors and officers in legal proceedings may have a material adverse effect on our reputation, business or operating or financial condition and/or results.”

Pension Benefits

The present value of pension obligations depends on several factors that are determined on an actuarial basis using a few assumptions. Besides the number of employees, the assumptions used in determining the net cost (income) for pensions include a discount rate and a mortality table. Any changes in these assumptions will impact the carrying amount of pension obligations.

We determine the appropriate discount rates at the end of each year, which is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. The discount rate increased from 5.37% for the year ended December 31, 2023 to 7.37% for the year ended December 31, 2024 under Plan G0 and was increased from 5.47% for the year ended December 31, 2023 to 7.40% for the year ended December 31, 2024 under Plan G1 in order to follow the volatility in the rates applicable to the Brazilian government NTN – B, long term notes, which term is similar to the duration of the pension benefits, as described in Notes 3.20(a) and 24 to our 2024 Consolidated Financial Statements included in this annual report. The discount rate was decreased from 6.15% in 2022 to 5.37% in 2023 under Plan G0 and was increased from 6.19% in 2022 to 5.47% in 2023 under Plan G1 in order to follow the volatility in the rates applicable to the Brazilian government NTN – B, long term notes, which term is similar to the duration of the pension benefits, as described in Notes 3.20(a) and 22 to our 2024 Consolidated Financial Statements.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information on the pension plans under Plan G0 and G1 is disclosed in Note 22 to our 2024 Consolidated Financial Statements included in this annual report.

Deferred income tax and social contribution

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We recognize and settle taxes on income based on the results of operations verified according to the Brazilian Corporate Law, taking into consideration the provisions of the tax laws. We recognize deferred tax assets and liabilities based on the differences between the accounting balances and the tax bases of assets and liabilities.

We regularly review the recoverability of deferred tax assets and do not recognize deferred tax assets if it is probable that these assets will not be realized, based on historic taxable income, the projection of future taxable income and the estimated period to reverse temporary differences. This process requires the use of estimates and assumptions. The use of different estimates and assumptions could result in the non-recognition of a significant amount of deferred tax assets.

As of December 31, 2024, we recognized R$2,661.9 million as deferred income tax liabilities, and as of December 31, 2023, we recognized R$98.1 million as deferred income tax assets, net of the deferred tax assets and liabilities, as disclosed in Note 21 to our 2024 Consolidated Financial Statements included in this annual report. The deferred income tax liability related to the bifurcated financial asset arises from the recognition of the financial asset due to the contractual right to receive cash for investments made and not recovered by the end of the concession.

Unbilled revenue

We recognize unbilled revenue which corresponds to services rendered for which readings have not been made yet. They are recognized based on monthly estimates calculated according to average billings. Additional information on revenue and accounts receivable are described in Notes 3.4, 3.5 and 10 to our 2024 Consolidated Financial Statements included in this annual report.

Certain Transactions with our previous Controlling Shareholder

Reimbursement due from the State

Reimbursement due from the State of São Paulo for pensions paid represents supplementary pensions (Plan G0) that we pay, on behalf of the State of São Paulo, to former employees of state-owned companies which merged to form our company. These amounts must be reimbursed to us by the State of São Paulo, as the primary obligor.

In November 2008, we entered into the third amendment to the agreement with the State of São Paulo relating to payments of pension benefits made by us on its behalf. The State of São Paulo acknowledged that it owed us an outstanding balance of R$915.3 million as of September 30, 2008, relating to payments of pension benefits made by us on its behalf. We provisionally accepted, but it is not recognized in our books, the reservoirs in the Alto Tietê production system as partial payment in the amount of R$696.3 million, subject to the transfer of the property rights of these reservoirs to us. See Note 11 to our 2024 Consolidated Financial Statements included in this annual report and "Item 7. Major Shareholders and Related Party Transactions."

On March 18, 2015, we, the State of São Paulo and DAEE, with the intervention of the Department of Sanitation and Water Resources, executed an agreement for R$1,012.3 million, consisting of R$696.3 million in principal amount and R$316.0 million in monetary adjustment of the principal through February 2015. For details about this agreement, see Note 11(a)(vi) to our 2024 Consolidated Financial Statements included in this annual report.

As of December 31, 2024 and 2023, the amounts not recognized related to pension benefits paid by us on behalf of the State of São Paulo totaled R$1,685.5 million and R$1,583.4 million, respectively. As a result, we also recognized the obligation related to pension benefits, maintained with the beneficiaries and pensioners of Plan G0. As of December 31, 2024 and 2023, the pension benefit obligations of Plan G0 totaled R$1,931.1 million and R$2,098.6 million, respectively. For detailed information on the pension benefit obligations refer to Note 24 to our 2024 Consolidated Financial Statements included in this annual report.

Accounts Receivable from the State of São Paulo for Water and Sewage Services Rendered

Certain of these accounts receivable have been overdue for a long period. We have entered into agreements with the State of São Paulo with respect to these accounts receivable. For more information on these agreements, see Note 11 to our 2024 Consolidated Financial Statements included in this annual report.

Results of Operations

The following table sets forth, for the years indicated, certain items from our income statements of operations, each expressed as a percentage of net operating revenue:

	Year ended December 31,					
	2024		2023		2022	
Net operating revenue	36,145.5	100.0%	25,572.1	100.0%	22,055.7	100.0%
Operating costs	(16,603.1)	(45.9%)	(16,051.9)	(62.8)%	(14,350.9)	(65.1)%
Gross profit	19,542.4	54.1%	9,520.2	37.2%	7,704.8	34.9%
Selling expenses	(917.6)	(2.5)%	(984.1)	(3.8) %	(912.0)	(4.1)%
Allowance for doubtful accounts	(557.8)	(1.5)%	(652.9)	(2.6)%	(782.1)	(3.5)%
Administrative expenses	(2,311.4)	(6.4)%	(1,597.5)	(6.2)%	(1,398.5)	(6.3)%
Other operating income (expenses), net and equity results of investments in affiliates	(245.1)	(0.7)%	60.3	0.2%	33.0	0.1%
Profit from operations before finance income (expenses) and income tax and social contribution	15,510.5	42.9%	6,346.0	24.8%	4,645.2	21.1%
Financial result, net	(1,867.7)	(5.2)%	(1,592.0)	(6.2)%	(372.4)	(1.7)%
Profit before income tax and social contribution	13,642.8	37.7%	4,754.0	18.6%	4,272.8	19.4%
Income tax and social contribution	(4,063.2)	(11.2)%	(1,230.5)	(4.8)%	(1,151.5)	(5.2)%
Profit for the year	9,579.6	26.5%	3,523.5	13.8%	3,121.3	14.2%

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Net operating revenue

Net operating revenue for the year ended December 31, 2024 increased by R$10,573.4 million, or 41.3%, to R$36,145.5 million from R$25,572.1 million in the year ended December 31, 2023.

Net operating revenue, excluding construction revenue and the impact of interest rate adjustments on the bifurcated financial asset using the IPCA index, for the year ended December 31, 2024 increased by R$1,619.0 million, or 8.1%, to R$21,590.8 million from R$19,971.8 million in the year ended December 31, 2023. Construction revenue was R$6,225.9 million for the year ended December 31, 2024 compared to R$5,600.3 million in the year ended December 31, 2023. The main factors that led to the increase were:

- an increase of 7.5% due to the mix in the consumption of the various categories of consumers;
- an increase of 3.0% in the total billed volume; and
- a decrease of 2.0% due to the fact that we had to make certain payments to FAUSP, the Support Fund for the Universalization of Sanitation in the São Paulo State, which was created as part of our Privatization to apply certain tariff reductions for consumers since July, 2024. For further information, see note 30(a) to our Consolidated Financial Statements.

Operating costs

Our operating costs for the year ended December 31, 2024 increased by R$551.2 million, or 3.4%, to R$16,603.1 million from R$16,051.9 million in the year ended December 31, 2023. As a percentage of net operating revenue, cost of services decreased to 45.9% for the year ended December 31, 2024 from 62.8% in the year ended December 31, 2023.

The increase in operating cost was mainly due to:

- an increase of R$611.2 million in construction costs due to higher investments in 2024;

- an increase of R$279.0 million in costs with general expenses, mainly due to the fact that we had to make increased contributions of RS253.0 million to municipal sanitation funds pursuant to the Concession Agreement for URAE-1 (for further information, see Note 31 to our Consolidated Financial Statements); and,

partially offset by,

- a decrease of R$373.0 million in costs with salaries, payroll charges and benefits and pension plan obligations, mainly due to the 11% decrease in the average number of employees – as a result of the Incentivized Dismissal Program ("PDI") we launched in 2023.

Gross Profit

As a result of the factors discussed above, gross profit for the year ended December 31, 2024 increased by R$10,022.2 million, or 105.3%, to R$19,542.4 million from R$9,520.2 million in the year ended December 31, 2023. As a percentage of net operating revenue, our gross profit margin increased to 54.1% for the year ended December 31, 2024 from 37.2% in the year ended December 31, 2023, mainly due to the financial asset net revenue of R$8,328.8 million. For further information about our financial asset net revenue, see notes 3.10(b) and 16 to our Consolidated Financial Statements.

Selling Expenses

Selling expenses for the year ended December 31, 2024 decreased by R$66.5 million, or (6.8%), to R$917.6 million from R$984.1 million in the year ended December 31, 2023. As a percentage of net operating revenue, selling expenses were 2.5% for the year ended December 31, 2024 compared to 3.8% for the year ended December 31, 2023. The main reasons for the decrease in selling expenses were:

- decrease of R$11.7 million in costs with salaries, payroll charges and benefits and pension plan obligations due to effects of the PID in 2023**;**
- a decrease of R$16.0 million with services, due to higher efficiency in expenditure with service channels for clients and credit recovery;
- a decrease of R$18.1 million with general expenses, as we diversified our billing channels to channels that charge lower tariffs; and
- a decrease of R$18.5 million with depreciation and amortization consistent with the new Concession Agreement for URAE-1, reflecting the lower average amortization rates.

Allowance for Doubtful Accounts

Our allowance for doubtful accounts for the year ended December 31, 2024 decreased by R$95.1 million, or 14.6%, to R$557.8 million from R$652.9 million in the year ended December 31, 2023, as a result of (i) lower default rates in respect of the settlement agreements we entered into in recent years; (ii) an increase in collections and negotiations with large consumers and municipalities; and (iii) the implementation of a credit card payment scheme.

Administrative Expenses

Administrative expenses for the year ended December 31, 2024 increased by R$713.9 million, or 44.7%, to R$2,311.4 million from R$1,597.5 million in the year ended December 31, 2023. The main reasons for the increase in administrative expenses were:

- an increase of R$388.6 million in general expenses, due to reassessment of new legal claims; and
- an increase of R$134.4 million in costs with salaries, payroll charges and benefits and pension plan obligations mainly due to effects of the PDV we launched in 2024.

For more information, see Note 31 to our 2024 Consolidated Financial Statements included in this annual report.

Other Operating Income (Expenses), Net and Equity in Results of Investments in Affiliates

Other operating income and expenses, net, was the expense of R$245.1 million for the year ended December 31, 2024 compared to income of R$60.3 million in the year ended December 31, 2023, a variation of R$305.4 million. Other operating income consists of gains and losses from sales of property, plant and equipment, sale of contracts awarded in public bids, right to sell electricity, indemnities and reimbursement of expenses, fines and collaterals, property leases, reuse of water, PURA projects and services, net of Cofins and PIS.

Other operating expenses consist mainly of derecognition of concessions assets due to obsolescence, discontinued construction works, unproductive wells, projects considered economically unfeasible, losses on property, plant and equipment and recognition and reversal of estimated losses with asset indemnification. In 2024, the result was impacted by the recognition of a non-recurring estimated loss with certain construction works and projects of R$164.0 million and R$99.6 million in expenses related to our Privatization process.

Financial Result, Net

The financial result, net, for the year ended December, 31 2024 increased by R$275.7 million to an expense of R$1,867.7 million from an expense of R$1,592.0 million in the year ended December 31, 2023. As a percentage of net operating revenues, the financial result amounted to 5.2% for the year ended December, 31 2024 compared to 6.2% in the year ended December 31, 2023. This variation was due to:

- an increase of R$250.0 million in interest over domestic borrowings and financings, mainly due to the issuance of our 31st and 32nd series of debentures
- an increase of R$31.0 million in interest over foreign borrowings and financings, due to the fact that we received additional loans from IDB and IBRD
- an increase in other financial expenses impacted mainly by interests from Public-Private Partnership – PPP;
- an increase of R$836.0 million in exchange variations on borrowings and financings, due to an appreciation of the U.S. dollar against the *real* (27.9%) and an appreciation of the Yen against the *real* (15.3%) in 2024; and
- an increase in financial income from derivatives instruments related to borrowings and financings in foreign currencies of R$315.0 million.

Profit before income tax and social contribution

As a result of the factors discussed above, profit before income tax and social contribution for the year ended December 31, 2024 increased by R$8,888.8 million, to R$13,642.8 million from R$4,754.0 million in 2023. As a percentage of net operating revenue, our profit before income tax and social contribution increased to 37.7% for the year ended December 31, 2024 compared to 18.6% in the year ended December 31, 2023.

Income Tax and Social Contribution

Income tax and social contribution expense for the year ended December 31, 2024 increased by R$2,832.7 million, or 230.2% to R$4,063.2 million from R$1,230.5 million in the year ended December 31, 2023, mainly due to the R$8,328.8 million increase in net operating revenue related to financial assets. This increase was mainly offset due to:

- an increase of R$1,198.6 million in costs and expenses; and
- a negative variation of R$275.7 million in our financial results.

Profit for the year

As a result of the factors discussed above, our profit for the year ended December 31, 2024 increased by R$6,056.1 million, to R$9,579.6 million from R$3,523.5 million in the year ended December 31, 2023. As a percentage of net operating revenue, our profit for the year ended December 31, 2024 increased to 26.5%, from 13.8% in the year ended December 31, 2023.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

For a discussion of our results of operations for the year ended December 31, 2023 compared to the year ended December 31, 2022, see “Item 5. Operating and Financial Review and Prospects — A. Results of Operations — Year Ended December 31, 2023 Compared to Year Ended December 31, 2022” of our annual report on Form 20-F for the year ended December 31, 2023, filed with the SEC on May 3, 2024.

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B. Liquidity and Capital Resources

Capital Sources

In order to satisfy our liquidity and capital requirements, we have primarily relied on cash provided by operating activities, long-term financings from multilateral and development banks and capital markets debts. As of December 31, 2024, we had R$1,682.6 million in cash and cash equivalents. The outstanding current indebtedness was R$3,133.9 million as of December 31, 2024, of which R$363.1 million was denominated in foreign currency. Long-term indebtedness was R$22,124.4 million as of December 31, 2024, of which R$2,993.3 million consisted of foreign currency-denominated obligations.

Management expects that we will have sufficient funds to meet our commitments and not compromise our planned investments, given the works we carried out to improve our water security and to reduce defaults, as well as the cash we generated from operations and the availability of credit lines for investments.

In order to finance the constant investment needs in our infrastructure, we use third party funds to complement our own resources. We believe that we currently have sufficient sources of funds to implement our short- and medium-term strategy.

Cash Flows

Net Cash Generated from Operating Activities

Cash generated from operating activities is the single largest source of our liquidity and capital resources, and we expect that it will continue to be so in the future. Our net cash generated from operating activities was R$7,404.6 million, R$4,854.4 million and R$3,967.6 million for the years ended December 31, 2024, 2023 and 2022, respectively. The main driver of our cash flow from operating activities relates to our cash collections from customers, which is due to the nature of our business and to the fact that we are expanding our infrastructure. There was an increase in net cash generated from operating activities in the year ended December 31, 2024 of 52.5%.

Net Cash Used in Investing Activities

Net cash used in investing activities was R$9,975.6 million, R$4,905.5 million and R$2,878.3 million for the years ended December 31, 2024, 2023 and 2022, respectively. The main driver of our net cash outflow for investing activities relates to purchases of intangible assets, as required under our concession agreements, which is due to the fact that we are expanding our infrastructure and service coverage. There was an increase in net cash used in investing activities for the year ended December 31, 2024 of 103.4%.

Net Cash Generated by (Used in) Financing Activities

Our net cash generated by financing activities was R$3,415.2 million for the year ended December 31, 2024, compared to (i) R$977.8 million in net cash used for the year ended December 31, 2023 and (ii) R$60.3 million in net cash used for the year ended December 31, 2022. The main driver of our cash flows from financing activities relates to the proceeds and repayments of loans generated to finance purchases of intangible assets related to our concession agreements, in order to support the expansion of our services and our payment of interest on capital. For the year ended December 31, 2024, (i) our financings increased by R$4,499.6 million compared to 2023 and (ii) our amortizations increased by R$475.2 million compared to 2023. In addition, payments of interest on capital increased by R$105.2 million for the year ended December 31, 2024 compared to the year ended December 31, 2023.

Indebtedness Financing

Indebtedness financing

Our total financial indebtedness increased by 29.3%, from R$19,536.4 million as of December 31, 2023 to R$25,258.3 million as of December 31, 2024. In addition, during the same period, our total indebtedness denominated in foreign currency increased by 22.2%, from R$2,745.9 million as of December 31, 2023 to R$3,356.4 million as of December 31, 2024.

As of December 31, 2024, we had R$22,124.2 million in long-term indebtedness outstanding (excluding the current indebtedness), of which R$2,993.3 million consisted of foreign currency-denominated, long-term debt. We had outstanding current indebtedness of R$3,133.9 million as of December 31, 2024. As of December 31, 2024, R$363.1 million of this current portion of long-term indebtedness was denominated in foreign currency. As of December 31, 2024, our S&P domestic rating was “brAAA” and our S&P global rating was “BB”. Our Moody’s national rating was “AAA.br” as of December 31, 2024, while our Fitch national rating was “AAA(bra)” and our Fitch global ratings were “BB+” (foreign currency) and “BB+” (local currency), as of the same date.

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Various contractual agreements that we have entered into, including certain financing agreements with CEF and BNDES, provide for liens over a portion of our cash flows from the payment of water and sewage provision tariffs. In addition, we provide as guarantees a portion of our cash flow generation to transactions related to PPPs.

Pursuant to these agreements, cash received from operations is required to pass through designated accounts. In the event of a default under the relevant agreement, such cash and future cash flows that are required to be deposited

in such accounts become restricted and are subject to security interests in favor of the relevant creditor. As of December 31, 2024, a substantial portion of our monthly cash flows from operations was subject to these liens. As of that date, the total amount of our secured debt, including indebtedness benefiting from these liens, was R$5,596.1 million (R$5,489.0 million of principal and R$107.1 million related to interest and charges). For more information, see "—Indebtedness Financing—Financial Covenants—Local currency denominated indebtedness" and Note 18 to our 2024 Consolidated Financial Statements included in this annual report. The following table sets forth information on our indebtedness outstanding as of December 31, 2024:

Debentures:

	As of December 31, 2024				
	Current	**Noncurrent**	**Total**	**Final Maturity**	**Interest Rates[(1)]**
	(R$ in thousands)				
Denominated in local currency:					
22nd issue of debentures	179.350	-	179.350	2025	CDI + 0.58% (1st series) & CDI + 0.90% (2nd series) & IPCA + 6.00% (3rd series)
23rd issue of debentures	125.000	249,354	374.354	2027	CDI + 0.49% (1st series) & CDI + 0.63% (2nd series)
24th issue of debentures	-	538.606	538.606	2029	IPCA + 3.20% (1st series) & IPCA + 3.37% (2nd series)
26th issue of debentures	-	1,371.685	1,371.685	2030	IPCA + 4.65% (1st series) & IPCA + 4.95% (2nd series)
27th issue of debentures	199,590	299,391	498,981	2027	CDI + 1.60% (1st series) & CDI + 1.80% (2nd series) & CDI + 2.25% (3rd series)
28th issue of debentures	444,100	626,762	1,070,862	2028	CDI + 1.20% (1st series) & CDI + 1.44% (2nd series) & CDI + 1.60% (3rd series)

29th issue of debentures	250,000	1,107,523	1,357,523	2036	CDI + 1.29% (1st series) & IPCA + 5.3058% (2nd series) & IPCA + 5.4478% (3rd series)
30th issue of debentures	125,000	748,405	873,405	2029	CDI + 1.30% (1st series) & CDI + 1.58% (2nd series)
31st issue of debentures	-	2,934,936	2,934,936	2034	CDI + 0.49% (1st series) CDI + 1.10% (2nd series) CDI + 1.31% (3rd series)
32nd issue of debentures	-	2,496,521	2,496,521	2026	CDI + 0.30%

Brazilian Federal Savings Bank (CEF)	123,495	1,559,847	1,683,342	2025/2042	TR + 5% to 9.5%
Brazilian National Bank for Economic and Social Development (BNDES) PAC II 9751	7,348	9,131	16,479	2027	1.72% + TJLP
Brazilian National Bank for Economic and Social Development (BNDES) PAC II 9752	4,978	6,223	11,201	2027	1.72% + TJLP
Brazilian National Bank for Economic and Social Development (BNDES) Onda Limpa	6,855	-	6,855	2025	1.92% + TJLP
Brazilian National Bank for Economic and Social Development (BNDES) Tietê III	202,398	455,333	657,731	2028	1.66% + TJLP
Brazilian National Bank for Economic and Social Development (BNDES) 2015	34,436	328,772	363,208	2035	2.18% + TJLP
Brazilian National Bank for Economic and Social Development (BNDES) 2014	6,694	3,552	10,246	2026	1.76% + TJLP
Inter-American Development Bank (IDB) 2202	181,349	1,803,222	1,984,571	2035	CDI + 0.86%
Inter-American Investment Corporation (IDB Invest)	44,300	771,201	815,501	2034	CDI + 1.90% & CDI + 2, 70%
Inter-American Investment Corporation (IDB Invest) 2022	18,800	419,697	438,497	2036	CDI + 2.50%
Inter-American Investment Corporation (IDB Invest) 2023	16,450	431,410	447,860	2036	CDI + 0.50%
International Finance Corporation (IFC) 2022	34,200	680,626	714,826	2032	CDI + 2.00%
International Finance Corporation (IFC) 2023	10,000	977,574	987,574	2033	CDI + 2.00%
International Finance Corporation (IFC) 2024	-	1,048,579	1,048,579	2034	CDI + 0, 3735%
Leases (Concession Agreements and Contract Assets)	108,533	208,611	317,144	2035	7.73% to 10.12% + IPC
Leases (Others)	97,657	53,267	150,924	2042	9.74% to 15.24%
Other	1,868	931	2,799	2035	& 3.0% (FEHIDRO)
Interest and others charges	548,372	-	548,372		
Total denominated in local currency	2,770,773	19,131,159	21,901,932		
Denominated in foreign currency:					

Inter-American Development Bank (IDB) US$167,236,000 (2023 – US$172,743,000)	89,222	919,189	1,008,411	2025 to 2044	SOFR + 5.34% to 6.50940%
International Bank for Reconstruction and Development (IBRD) US$136,741,000 (2023 – US$107,445,000)	37,707	793,697	831,404	2034	SOFR + 5.89% to 6.99%
JICA 15 – ¥ 5,762,150,000 (2023 – ¥ 6,914,580,000)	47,710	181,946	229,656	2029	1.8% & 2.5%
JICA 18 - ¥ 5,180,800,000 (2023 – ¥ 6,216,960,000)	40,462	163,491	203,953	2029	1.8% & 2.5%
JICA 17 - ¥ 3,175,656,000 (2023 – ¥ 3,464,352,000)	16,414	113,216	129,630	2035	1.2% & 0.01%
JICA 19 - ¥ 22,668,975,000 (2023 – ¥ 24,482,493,000)	99,168	821,749	920,917	2037	1.7% & 0.01%
Interest and other charges	32,394	-	32,394		
Total denominated in foreign currency	363,077	2,993,288	3,356,365		
Total loans and financing	3,133,850	22,124,447	25,258,297		

(1) TR was 0.0822% per month as of December 31, 2024; CDI stands for Interbank Deposit Rate (*Certificado de Depósitos Interbancários* – "CDI"), which was 12.15% per annum as of December 31, 2024; IGP-M was 6.54% per annum as of December 31, 2024; "TJLP" stands for Long-term Interest Rate (*Taxa de Juros a Longo Prazo*), published quarterly by the Central Bank, which was 7.43% per annum as of December 31, 2024; and SOFR was 4.69157% medium rate of 90 days for the year ended December 31, 2024.

The following table shows the maturity profile of our debt, as of December 31, 2024, for the period indicated:

	2025	2026	2027	2028	2029	After 2030	Total
							(in millions of reais)
Loans and financing	3,133.8	4,821.8	2,481.5	1,763.2	2,398.1	10,659.9	25,258.3

As of December 31, 2024, R$1,839.8 million of our foreign currency denominated indebtedness, net of transaction costs, was denominated in U.S. dollars and R$1,484.2 million was denominated in Japanese Yen.

In 2024, we entered into derivative instruments (plain vanilla swaps). The current instruments have expiration dates ranging from July 2025 to March 2048 to fully protect us against a devaluation of the real against the U.S. dollar or the Yen.

For more information regarding foreign currency risk and all derivatives financial instruments, see Notes 5.1(a) and 5.1(d), respectively, to our 2024 Consolidated Financial Statements included in this annual report.

Our borrowings from multilateral institutions and government agencies, such as the IDB, IBRD, and JICA, are federally guaranteed, with a counter-guarantee from the State of São Paulo. For more information on the terms of these loan agreements, see "Item 7.B. Related Party Transactions—Government Guarantees of Financing."

As of 31 December 2024, our domestic debt totaled R$21,901.9 million, primarily comprising real-denominated loans from federal and state-owned banks like CEF and BNDES, alongside debentures issued between February 2018 and September 2024, and financial leasing.

In addition, in February 2025, we issued our thirty-third debenture series totaling R$3.7 billion, maturing in 2032, 2035, and 2040. The first series (R$1.0 billion) bears interest at CDI + 0.51%, the second (R$1.4 billion) at IPCA + 7.5485%, and the third (R$1.3 billion) at IPCA + 7.3837%. Proceeds from the first series strengthen cash reserves and

refinance 2025 commitments, while the second and third support the ETE Barueri expansion project. Additionally, in February 2025, interest rate swap operations were contracted for the second series of our 33rd debenture, swapping from IPCA + 7.5485% p.a. to CDI - 0.34% p.a., and for the third series, swapping from IPCA + 7.3837% p.a. to CDI - 0.45% p.a.

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Financial Covenants

We are subject to financial covenants under the agreements evidencing or governing our outstanding indebtedness.

Indebtedness

Foreign currency denominated indebtedness

With respect to our indebtedness denominated in U.S. dollars, we are subject to financial covenants, including limitations on our ability to incur debt. For example:

The financial covenants in our loan No. 1212 from the IDB require:

- our tariff revenues must be sufficient to cover the operational expenses of our system, including administrative, operating and maintenance expenses, and depreciation;
- our tariff revenues must provide a return on the balance sheet value of our property, plant, and equipment of not less than 7%; and
- during project execution, the balance of our short-term borrowings must not exceed 8.5% of our total equity.

This loan agreement contains an early maturity clause in the event of non-compliance on our part of any obligation stipulated therein or in other contracts with the bank relating to the financing of the above-mentioned projects.

We are part to hedging agreements that cover of our debt denominated in foreign currencies. In any case, any significant devaluation of the *real* will affect the total portion of our debt denominated in foreign currencies when measured in *reais*. As a result, the net debt in *reais* will be affected, with consequent impact on the ratio between net debt to adjusted EBITDA, as calculated in accordance with the provisions of our loan agreements.

As of December 31, 2024, and 2023, we had met all the financial covenants of these loans and financing agreements.

Local currency denominated indebtedness

With respect to our outstanding indebtedness denominated in *reais*, we are subject to financial covenants.

The financial covenants in our loans with IDB Invest and IFC require:

- our debt service coverage ratio must be greater than or equal to 2.35:1.00; and
- our ratio of net debt to adjusted EBITDA must be less than 3.50:1.00.

The loan agreements with IDB Invest and IFC contain cross-default and cross-acceleration clauses, and early maturity clauses.

The covenant clauses apply to all of our indebtedness with BNDES, which totaled R$1,065.7 million as of December 31, 2024.

In summary, the BNDES financings specify two bands for the ratios of adjusted net debt / adjusted EBITDA, adjusted EBITDA / adjusted financial expenses, and other onerous debt / adjusted EBITDA. The financings also specify a collateral mechanism by which we assign a portion of our tariff payment receivables to BNDES in order to provide a partial guarantee of the amounts due under the financings. Under this mechanism, each month we must ensure that a portion of the tariff payments which we receive are deposited on a daily basis into a blocked collateral account, before being released to a regular movements account later in the day provided that BNDES has not notified the bank that we are in default. If the ratio of adjusted EBITDA / adjusted financial expenses is equal to or higher than 3.50, the ratio of adjusted net debt / adjusted EBITDA equal to or lower than 3.00, and the other onerous debt / adjusted EBITDA equal to or lower than 1.00, the amount that must pass through this blocked collateral account is R$361.7 million per month. If one of the three ratios mentioned above is not met in any two or more quarters, consecutive or not, within a twelve-month period, yet remain within the following band of ratios: adjusted EBITDA / adjusted financial expenses lower than 3.50 but equal to or higher than 2.80, adjusted net debt / adjusted EBITDA equal to or lower than 3.80 but higher than 3.00, and other onerous debt / adjusted EBITDA equal to or lower than 1.30 but higher than 1.00, the amount that must pass through the blocked collateral account is automatically increased by 20%.

The current covenant clauses are:

A. Maintenance of the following ratios, calculated quarterly and relative to amounts accumulated over the last 12 months at the time of disclosure of reviewed quarterly Consolidated Financial Statements or audited annual Consolidated Financial Statements:

- adjusted EBITDA / adjusted financial expenses equal to or higher than 3.50;
- adjusted net debt / adjusted EBITDA equal to or lower than 3.00; and
- other onerous debt / adjusted EBITDA equal to or lower than 1.00 (where "other onerous debt" is equal to the sum of (i) social security liabilities and health care plans, (ii) installment payments of tax debt and (iii) installment payments of debt with electricity providers).

B. If any one of the ratios specified in A. above is not met in any two or more quarters, consecutive or not, within a twelve-month period, we shall be deemed to be in non-compliance with the first band ratios and must, as a result, automatically increase the amount passing through the blocked collateral account by 20%, provided that the following second band ratios are met:

- adjusted EBITDA / adjusted financial expenses lower than 3.50 but equal to or higher than 2.80;
- adjusted net debt / adjusted EBITDA equal to or lower than 3.80 but higher than 3.00; and
- other onerous debt / adjusted EBITDA equal to or lower than 1.30 but higher than 1.00.

C. If any one of the second band ratios specified in B. above is not met for any one quarter, or if we are required to but fail to ensure that the increased monthly amount specified in B. above passes through the blocked collateral account, then we shall be deemed to be in non-compliance with its ratio covenants, in which case BNDES may at its discretion:

- require us to provide additional financial guarantees within a deadline specified by BNDES, which may not be less than 30 days;
- suspend the release of funds; and/or
- declare the financings to be immediately due and payable.

As of December 31, 2024, the amount that must pass through the blocked collateral account is R$361 million per month.

Additionally, since 2018, we are subject to financial covenants under the new financing agreements executed with CEF. These financial covenants require us to maintain the following financial indexes, calculated for the past 12 months on a quarterly basis:

- adjusted EBITDA / adjusted financial expenses, equal to or greater than 2.80;
- adjusted net debt / adjusted EBITDA, equal to or lower than 3.80;
- other onerous debt / adjusted EBITDA equal to or lower than 1.30.

These agreements provide that disbursements may be suspended if any of these covenants are not being complied with. In the event of non-compliance with the terms of these agreements, CEF may request the anticipated payment of the entire loan.

The agreements with CEF also contain a cross-default clause and an early maturity clause. In the event of non-compliance with the terms of the contract, the CEF can request the anticipated payment of part or all of the loan. See Note 18 to our 2024 Consolidated Financial Statements included in this annual report. The table below shows the more restrictive covenants ratios and our financial covenants ratios as of December 31, 2024.

The twenty-second, twenty-third, twenty-fourth, twenty-sixth, twenty-seventh, twenty-eighth, twenty-ninth, thirtieth, thirty-first, 32nd and 33rd debenture issuances require us to maintain an adjusted EBITDA/paid financial expenses ratio equal to or higher than 1.5:1.0 and an adjusted net debt/adjusted EBITDA ratio equal to or lower than 3.50:1.0. These issuances have a cross-acceleration clause.

	Restrictive Ratios
Adjusted EBITDA / adjusted financial expenses	Equal to or higher than 2.80:1.00
EBITDA/paid financial expenses	Equal to or higher than 2.35:1.00
Adjusted net debt / adjusted EBITDA	Equal to or lower than 3.80:1.00
Net debt/adjusted EBITDA	Equal to or lower than 3.50:1.0
Other onerous debt[1]/ adjusted EBITDA	Equal to or lower than 1.30:1.00

(1) "other onerous debt" corresponds to the sum of social security liabilities, health care plan, installment payment of tax debts and installment payment of debts with the electricity supplier.

As of December 31, 2024 and 2023, we complied with all the covenants of our loans and financing agreements.

Capital Requirements

We have, and expect to continue having, substantial liquidity and capital resource requirements. These requirements include debt-service obligations, capital expenditures to maintain, improve and expand our water and sewage systems, and dividend payments and other distributions to our shareholders, including the State of São Paulo.

Capital Expenditures

Historically, we have funded and plan to continue funding our capital expenditures with funds generated by operations and with long-term financing from international and national multilateral agencies and development banks. We generally include in our capital expenditure program for the following year the amount of investment that was not realized in the previous year. For the year ended December 31, 2024, we recorded R$6.9 billion to improve and expand our water and sewage system and to protect our water sources in order to meet the growing demand for water and sewage services in the State of São Paulo. We have budgeted investments in the amount of approximately R$70.0 billion from 2025 through 2029. For more information, see "Item 4.A. History and Development of the Company—Capital Expenditure Program."

Dividend Distributions

We are required by our bylaws to make dividend distributions, which can be made as payments of interest on shareholders' equity in an amount equal to or greater than 25% of the amounts available for distribution. In addition, our dividend policy, which was approved at the annual shareholders' meeting held on July 22, 2024, establishes that this percentage be maintained until 2025. After 2025, it may be increased to 100% in 2030, provided we reach the Universalization Targets. We declared dividends of R$2,549.8 million, R$984.5 million and R$872.2 million in the years ended December 31, 2024, 2023 and 2022, respectively. The Basic Sanitation Law prohibits the distribution of profits and dividends from the Concessionaire that fails to comply with the targets and schedules set out in the respective Contracts. For more information, see "Item 7.B. Related Party Transactions—Dividends" and "Item 3.D. Risks Relating to Our Common Shares and ADSs—We may not always be in a position to pay dividends or interest on shareholders' equity and ADSs."

Judicial payment orders (*precatório*)

As of December 31, 2024, we have judicial payment orders issued in our favor in the inflation adjusted amount of R$2,967.3 million, which are not recognized in our Consolidated Financial Statements because of the difficulty to obtain a reasonable estimate to measure such assets, due to the uncertainties related to the beginning and the end of the payments. Judicial payment orders are recognized upon the beginning of their receipt or when they are traded. For more information on judicial payment orders, see Note 10 to our 2024 Consolidated Financial Statements included in this annual report.

C. Research and Development, Patents and Licenses, etc.

Research and innovation

The advancement of research and technological development is part of our strategic guidelines, and aims to implement innovation in operations, processes and services. Such efforts seek to increase organizational efficiency,

reflecting in greater customer satisfaction, improved quality of life, environmental sustainability and competitiveness, with improved productivity and quality of our processes and services.

Our strategic innovation process involves the creation of new business models, new ways of meeting the needs of consumers, new organizational processes, new ways of competing and cooperating in the business environment and improvements to service delivery, while at the same time promoting protection of the environment and public health.

We won the *Valor Inovação Brasil* 2024 award, winning first place in the "Infrastructure" segment, which also incorporates the sanitation sector. The award is promoted by the newspaper *Valor Econômico* and Strategy&, which is PwC's strategic consultancy. The award evaluates the innovative renewal of organizations in four major blocks: planning, execution, results and recognition. Our third place in 2022, second place in 2023 and first place in 2024, shows our role in innovation in the sanitation sector. In addition, considering the general ranking of the 150 most innovative companies in Brazil in all 25 mapped segments, we were ranked 11th in 2024.

We set up a Corporate "Research, Technological Development and Innovation" Program, which allows us to differentiate the financial resources spent specifically for this purpose within our budget structure. For the year ended December 31, 2024, we allocated R$52.1 million to Research, Development and Innovation ("RD&I") projects. These resources are a differential in our results and indicate our capacity for innovation and pioneering, which can bring fiscal, tariff and financial advantages. We carry out several actions for the implementation of innovative technological solutions systematically throughout our company. These solutions are aimed at improving construction and operational processes for water and wastewater systems, water and wastewater treatment solutions, asset control and management, renewable energy generation processes, energy efficiency, user relationship technologies, circular economy projects, waste reduction, and utilization methods, among others. Some may even represent new business opportunities.

In addition, we have submitted several innovation projects to the Brazilian Ministry of Science and Technology, requesting tax benefits provided for in certain Brazilian laws such as the *Lei do Bem*. Currently, 96.3% of our claims for approximately R$61.84 million in expenditures have been approved, representing a tax credit of more than R$16.20 million for us. In addition, based on programs already in place in the power and gas sectors, we maintain a portfolio of prioritized projects with ARSESP in its Quadrennial Research and Technological Development Program for Innovation in Basic Sanitation Services (PD&I Program), which requires the application of the 0.05% of revenue to RD&I projects. Accordingly, the first cycle of the program, covering the tariff cycle 2021-2024, is ongoing. ARSESP has extended this first cycle of the program to include 2025. The total financial amount approved in the PD&I Program has surpassed R$56.0 million, to be applied in 16 projects approved by ARSESP to be carried out by the end of 2025, in order to meet the goal of the current cycle, of which approximately R$12.8 million were executed in 2024.

In line with business planning, the structuring of RD&I actions is based on the concept of a circular economy; that is, focused on the intelligence of nature, the circular process opposes the traditional linear production process. As part of this concept, residues are inputs to produce new products and new cycles. We have highlighted below certain RD&I projects that use the concept of a circular economy, which strongly supports resource recovery, as part of the processes for the water and sewage treatment.

The sequential implementation of integrated actions for liquid, solid and gaseous sewage treatment phases at the sewage treatment plant in the municipality of Franca aims to optimize processes and transform the site into a resource recovery plant. Since 2018, a biogas upgrade project in this sewage treatment plant has been producing biomethane for vehicle use. This sewage treatment plant treats an average of 500 liters per second of sewage and produces around 2,500 m³ of biogas per day. The upgrade system can produce biomethane to replace 1,500 liters of common gas daily. The biomethane currently supplies part of our Franca fleet. As a result of the tests carried out, we are studying the replication of the technology in other large-scale sewage treatment plants located in the São Paulo metropolitan region and in the state's interior.

At the same plant, we developed and are operating a sludge dryer based on solar radiation.

The project also provides for other actions in the planning and contracting phase, such as the use of energy from hydraulic sources, in addition to other beneficial applications of biogas.

At the Barueri sewage treatment plant, we implemented a plasma gasification system for the processing of sludge generated. At the end of the process, this system generates inert vitreous residue with a drastic reduction in its volume, with a potential for reuse as raw material in construction, meaning it does not need to be disposed of in landfills.

In 2024, we initiated the installation of a pilot thermal sludge treatment plant using pyrolysis, concluded in December 2024, with the objective of evaluating the potential of byproducts generated by such treatment, such as biocarbon and pyrolytic oil. A six-month trial period is scheduled to begin in February 2025. In an ongoing project, results of the studies conducted under the Support Program for Research in Partnership for Technological Innovation (PITE-SABESP/FAPESP) in collaboration with UNESP and EMBRAPA were presented. These studies focused on transforming sludge waste from Water Treatment Plants into raw materials for civil engineering and agriculture, adding value to this byproduct.

As a component of our partnership with FAPESP, financial resources are invested equally to subsidize and support the development of basic and applied research projects under the Support Program for Research in Partnership for Technological Innovation for research projects in academic or research institutions, whose themes originated from the demands pointed out by the operational areas. This partnership has already resulted in 17 projects with different universities, such as: USP, Technological Institute of Aeronautics, UNIFESP, National Institute for Space Research and UNESP. The partnership provides for a non-refundable financing of R$50.0 million, divided equally between us and FAPESP. Projects from the first and second collaborative calls led to the filing of seven national patent applications before the INPI, three of which were granted, two international patent applications under the PCT before the World Intellectual Property Organization and two software registration requests. The 12 projects selected in the third call for proposal are currently in the development phase.

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Another innovative project that we have implemented is the Pinheiros River Oxygenation System. This project is being developed alongside other sanitation programs in Rio Pinheiros. The project consists of the implementation of an innovative oxygenation technology called SDOx. This technology, unlike conventional aeration technologies, has the potential to transfer a greater amount of oxygen to the water, through a supersaturated solution and its dispersion in the water. The goal of this project is to enhance the natural self-purification process by artificially increasing the oxygen levels of the water and verify the technical-economic feasibility of the technology, with a view to replicating. The project is in its third year of operation, with satisfactory results in terms of the gradual increase in oxygen concentration in the upper channel of the river.

With the water quality data obtained with the project, a study is carried out by CETESB to assess the improvement in air quality around the Pinheiros River has shown a connection between the improvement in air quality and the improvement in the river's water quality, as a result of the sanitation actions implemented in the Pinheiros River basin.

In 2024, a new department was created with the aim of implementing guidelines and a portfolio of unconventional solutions to meet the targets set in the new concession agreement, encompassing rural areas and informal urban settlements.

Open Innovation

We invest in the development and implementation of initiatives as part of our open innovation concept, a concept embedded in our actions, with no specific program established. This concept generates ideas, thoughts, processes, prospect for solutions, shares needs, and exchanges knowledge and research with the participation of internal and external segments of our company. These contributions span a diverse range of sectors, enabling us to harness innovative solutions and technologies to enhance our processes, products and services. With this, we seek innovative solutions from the productive sectors of the market, including startups, for the development of solutions.

Specifically, we encourage startups to take on challenges and propose validated solutions for a wide array of problems. Their goal is to achieve scalability and acceleration, ultimately creating a positive impact on their new products and businesses. This proactive approach aims to stimulate the sanitation market and potentially lead to the development of solutions that cater to our specific needs.

We also perform tests on innovative solutions that arise in response to market demands, at various stages of development, to evaluate their suitability for application within our operations. These collaborative technological initiatives not only enable us to propose technology-driven enhancements to our processes and services but also afford external companies in the market an opportunity to rigorously trial their solutions in real sanitation environments. This provides a platform for assessing the effectiveness of their solutions and, when necessary, identifying areas for improvement.

In 2024, our internal innovation program was launched, aimed at capturing and developing ideas and projects in a participatory manner. Through this open innovation program, we are laying the groundwork for an innovative ecosystem within the sanitation sector.

Furthermore, we entered into a second agreement with FAPESP, which is focused on providing support for scientific and technological research within micro, small and medium enterprises in the State of São Paulo. This initiative is part of the small enterprises' innovation program, which aims to accelerate startups dedicated to innovative projects that address the challenges we face. We are currently in negotiations to launch the second public request for proposals for this program in 2025.Another initiative derived from the agreement with FAPESP is being developed with the Institute of Science, Mathematics and Computing of the University of São Paulo - ICMC, São Carlos Campus. The project was approved by FAPESP and consists of the use of Artificial Intelligence applied in the sanitation sector in a broad concept of "smart cities".

Similarly, we participate in the Technology Approval Group (TAG), coordinated by ISLE Utilities, an innovation consultancy firm, with support from IDB Lab, the innovation and venture capital arm of the IDB. The evaluates technologies specifically aimed at the sanitation sector, which meets periodically to analyze the potential application of innovative technologies presented by startups previously selected for companies in the sector.

We also publish the DAE Magazine on a bi-monthly basis, which is an engineering journal produced by a dedicated team of opinion leaders that had released over 240 editions since its inaugural edition. This journal was ranked as "B1" category publication in the Qualis/CAPES system in July 2019, a ranking applicable for the period of 2021-2024. Through the dissemination of technical and scientific articles covering topics related to basic and environmental sanitation, DAE Magazine's objective is to foster and propagate advancements in processes, innovations and technological breakthroughs.

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D. Trend Information

We expect to continue to operate in a competitive and regulated environment which will pose continued risks to our existing businesses, placing the profitability of our assets under pressure. The following list sets out, what we believe to be, the most important trends, uncertainties and events that are reasonably likely to continue to have a material effect on our revenues, income from continuing operations, profitability, liquidity and capital resources, or that may cause reported financial information to be not necessarily indicative of future operating results or financial condition:

- As our Privatization was consummated the Universalization Targets were be brought forward from 2023 to 2029, compliance with which includes imponderable elements that are beyond our control. For further information see "Item 3.D. Risk Factors—Risks Relating to the Regulatory Environment—We are exposed to risks associated with the Concession Agreement for URAE-1, which may materially impact our financial condition and operating results."
- There are various uncertainties surrounding the New Legal Framework for Basic Sanitation, including the new requirement to participate in public bids. Previously, we provided services in several municipalities through contracts which did not require bidding procedures.
- Our business is not only adversely affected by droughts but also by other extreme weather conditions, such as torrential rain and other changes in climate patterns that can disrupt energy supply and impact water production. A possible increase in the frequency of extreme weather conditions in the future usually as torrential storms, can interrupt the power supply at our pumping and water treatment plants due to trees falling on the electricity distribution networks, which prevents the full production of water for supply to our consumers, may adversely affect the water available for abstraction, treatment, and supply. For more information, see "Item 3.D. Risk Factors—Risks Relating to Environmental Matters and Physical and Climate Transition Risks— Extreme Weather Conditions and Climate Change may have a material adverse impact on our business, financial condition or results of operations" and "Item 3.D. Risk Factors—Risks Relating to Environmental Matters and Physical and Climate Transition Risks—Droughts, such as the 2014 – 2015 water crisis, can cause a material impact on consumption habits and, consequently, on our business, financial condition or results of operations."

In addition to the information set out above, see "Cautionary Statements About Forward-Looking Statements" for further information related to our forward-looking statements, and "Item 3.D. Risk Factors" for a description of certain factors that could affect our industry and our own performance in the future.

E. Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of December 31, 2024.

F. Tabular Disclosure of Contractual Obligations

Our debt obligations and other contractual obligations as of December 31, 2024 were:

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
					(in millions of *reais*)
Loans and financing	3,133.9	7,303.4	4,161.2	10,659.8	25,258.3
Interest payments[(1)]	2,352.7	3,839.4	2,784.3	4,252.1	13,228.5
Accounts payable to suppliers and contractors	766.6	-	-	-	766.6
Services payable	1,438.5	-	-	-	1,438.5
Purchase obligations[(2)]	6,391.4	9,431.3	1,937.2	4,165.6	21,925.5

Total	**14,083.1**	**20,574.1**	**8,882.7**	**19,077.5**	**62,617.4**

(1) Estimated interest payments on loans and financing were determined considering the interest rates as of December 31, 2024. However, our loans and financing are subject to variable interest indexation and foreign exchange fluctuations, and these estimated interest payments may differ significantly from payments actually made. The debt agreements have cross-default clauses.

(2) The unrecorded contractual commitments are the future obligations of investments and expenses as set out in Note 34 to our 2024 Consolidated Financial Statements.

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We believe that we can meet the maturity schedule through a combination of funds generated by operations, the net proceeds of new issuances of debt securities in the Brazilian and international capital markets and additional borrowings from domestic and foreign lenders. Our borrowings are not affected by seasonality. For information concerning the interest rates on our indebtedness outstanding as of December 31, 2024, see Note 18 to our 2024 Consolidated Financial Statements, included elsewhere in this annual report.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Under our bylaws and Brazilian Corporate Law, we are managed by our Board of Directors (*Conselho de Administração*), which currently consists of nine directors, and a Board of Officers (*Diretoria Executiva*), which currently consists of up to seven statutory executive officers.

Board of Directors

Our bylaws provide for a total of nine regular members for the Board of Directors, elected and removable by the General Shareholder's Meeting, serving a unified term of up to two years and such term may be renewed without limitation.

In addition, at least three members of the Board of Directors must be independent, in accordance with our bylaws and the definition of the Novo Mercado Listing Regulation, and the characterization of the nominees to the Board of Directors as independent members must be decided at the General Assembly that elects them.

On September 27, 2024, an Extraordinary General Shareholders' meeting was held, during which the shareholders voted on the election of members of the Board of Directors to serve until the 2026 Annual Shareholders' Meeting, the appointment of independent members of the Board of Directors, and the election of members of the Fiscal Council to serve until the 2025 Annual Shareholders' Meeting. Three of these members were already part of our Board of Directors. The terms of office of the current directors will end after the general shareholders' meeting to be held in 2026, when the current members will be up for re-election.

Our Board of Directors ordinarily meets once a month or, when necessary for the interests of our company, when called by at least three members or the chairman. Its responsibilities include the establishment of policy and general orientation of our business, and the appointment and supervision of our executive officers.

The following are the names, year of birth, positions, dates of election and brief biographies of the members of our Board of Directors as of the date of this annual report:

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Director	Year of Birth	Position	Date of First Mandate	Date of Election
Karla Bertocco Trindade	1976	Chair – Member	May 4, 2023	September 27, 2024
Anderson Marcio de Oliveira	1982	Member	May 8, 2023	September 27, 2024

Augusto Miranda da Paz Júnior	1958	Member	October 1, 2024	September 27, 2024
Claudia Polto da Cunha	1967	Member	October 1, 2024	September 27, 2024
Gustavo Rocha Gattass	1975	Independent Member	April 26, 2024	September 27, 2024
Alexandre Gonçalves Silva	1945	Independent Member	October 1, 2024	September 27, 2024
Mateus Affonso Bandeira	1969	Independent Member	October 1, 2024	September 27, 2024
Tiago de Almeida Noel	1990	Member	October 1, 2024	September 27, 2024
Tinn Freire Amado	1976	Member	October 1, 2024	September 27, 2024

Alexandre Gonçalves Silva holds a degree in Mechanical Engineering from the Pontifical Catholic University of Rio de Janeiro. He has been a board member of EMBRAER since 2011 and has served as its Chair since 2012. Mr. Silva was President of GE Brazil (2001-2007), President of GE CELMA (1989-2001), Engineer at CTA (1974-1976), Manager at Motortec (1976-1989), and Engineer at VARIG (1968-1974). The board member is independent, in accordance with Articles 16, 17, and 25 of the Novo Mercado Listing Regulation, and Article 6 of Annex K of CVM Resolution 80. Additionally, he declares that he is not a politically exposed person as defined by applicable regulations and does not hold positions in other companies or third-sector organizations.

Anderson Marcio de Oliveira holds a degree in Law from the Universidade Católica de Pernambuco, a master's degree in Public Law from the Universidade Federal de Pernambuco, and a master's degree in Regulatory Law from Fundação Getúlio Vargas, as well as an LLM in State Law and Regulation from Fundação Getúlio Vargas. Additionally, he has training from the Harvard Kennedy School in "Creating Collaborative Solutions: Innovations in Governance" and "Infrastructure in a Market Economy: Public-Private Partnerships in a Changing World." He was a member of the Fiscal Council of Nuclebrás (2021-2023) and the Santos Port Authority (2022-2023), Program Director at the Ministry of Mines and Energy, coordinating actions in the sectors of electric energy, oil and gas, and mining, including the capitalization of Eletrobras (2019-2023), Program Director of Investment Partnerships at the Presidency of the Republic, overseeing and structuring projects in the electric sector in the segments of generation, transmission, and distribution (2016-2019). Mr. Oliveira also worked as a lawyer at the National Bank for Economic Development (2010-2016). Currently, he is the Executive Secretary at the Secretariat of Environment, Infrastructure, and Logistics of the State of São Paulo and also a member of the Board of Directors of us (since 2023) and the Metropolitan Water and Energy Company (EMAE).

Augusto Miranda da Paz Junior has a sustained career in the multi-utilities sector. Since 2013, he has been the CEO of Grupo Equatorial, a holding company operating in the segments of Energy Distribution, Sanitation, Transmission, Telecom, Services, Distributed Generation, and Renewable Energies. Mr. Miranda is an Electrical Engineer graduated from the Federal University of Bahia, with a specialization in Maintenance Management promoted by Eletrobrás in partnership with PUC/RJ and the Federal School of Engineering of Itajubá/MG, and an MBA in Energy Business Management from FGV/SP. Before joining CEMAR (now Equatorial Maranhão), he held various positions at COELBA in the areas of Electric System Management. He joined the Equatorial group in 2004 as Engineering Director of CEMAR. From 2007, he served as Vice President of Operations until he assumed the Presidency of us in 2010 and became CEO of Grupo Equatorial in 2013. He led the planning, acquisition, and turnaround of companies in various segments. He is focused on results, team building, conflict management, knowledge of the multi-utilities market, and a strong willingness to take risks and handle pressures.

Claudia Polto da Cunha holds a degree in Law from the University of São Paulo, with a master's degree from the same institution. She is currently a State Attorney and Advisor to the PGE Office, responsible for coordinating state-owned companies. Ms. Claudia Polto da Cunha was Director of Corporate Affairs at Companhia Paulista de Parcerias from 2006 to 2016, Deputy Attorney General of the State (2020-2022), and has served on various boards of directors:

at Sabesp (2014-2016 and 2020-2023); as Chair of the Board of Directors of Companhia Paulista de Securitização; Board Member of Metrô and Board Member of EMTU, and is currently on the Board of Directors of EMAE. Ms. Claudia Polto is a certified board member by IBGC and has extensive experience in infrastructure, regulated sectors, corporate governance, and public corporate and business law.

Gustavo Rocha Gattass holds a degree in Economics from PUC-Rio. He is currently a Board Member of SABESP, PRIO S.A., Serena Energia S.A., and Canacol Energy LTD. Mr. Gattass served as a Board Member of Copasa S.A. (2017-2023), BR Distribuidora (2015-2016), and as an Alternate Board Member of Petrobras S.A. (2015-2016) and Sanepar (2017). He was the Head of the Corporate Analysis Department at Banco BTG Pactual from 2009 to 2015. He worked as a Corporate Analyst in the Oil and Gas, Energy, and Sanitation sectors at Icatu (1997-1998), UBS (1998-2009), and BTG Pactual (2009-2015).

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Karla Bertocco Trindade holds a degree in Public Administration from Fundação Getúlio Vargas and a degree in Law from Pontifícia Universidade Católica de São Paulo, with a postgraduate degree in Administrative Law from the School of Law at Fundação Getúlio Vargas and participation in the Diversity Program in Boards of Directors from the Brazilian Institute of Corporate Governance. She is currently the Chair of the Board of Directors of Sabesp (since 2023) and the Coordinator of the Sustainability and Corporate Responsibility Committee, as well as the Strategy and New Business Committee (since October 2024). She is also a board member at VINCI, a French infrastructure company (since April 2025), a partner at Jive (formerly Mauá Capital) Investimentos (since 2020) and an independent board member and the coordinator of the audit committee at Orizon Valorização de Resíduos (since 2020). Ms. Bertocco served as an advisor to the Presidency of Sabesp (2003-2006), State Sanitation Coordinator (2007), Director of Institutional Relations at the Regulatory Agency for Sanitation and Energy of the State of São Paulo – ARSESP (2008-2010), General Director of the Regulatory Agency for Delegated Public Transport Services of the State of São Paulo – ARTESP (2011 to 2015), Undersecretary of Partnerships and Innovation (2015 to 2018), our CEO (2018), and Director of Government and Infrastructure at BNDES (2019). She also served as a board member and member of the regulatory and operational committee at Equatorial Energia (2022-2023), and as a board member of Companhia Riograndense de Saneamento – CORSAN (2020-2022), where she was also the Coordinator of the Innovation and Sustainability Committee.

Mateus Affonso Bandeira holds a degree in Computer Science from the Catholic University of Pelotas, a postgraduate degree in Finance and Management from Fundação Getúlio Vargas - FGV and Universidade Federal do Rio Grande do Sul - UFRGS, an MBA from The Wharton School – University of Pennsylvania, and completed the OPM – Owner and President Management Program at Harvard Business School. Mr. Bandeira has served as board member at Vibra Energia since 2019, Intelbras since 2022, and CVC Corp as board president and member since 2023. He served as board member of Marcopolo (2022-2025) and Oi S/A (2020-2024), serving also as CEO at Grupo Oi from January to December of 2024. He was CEO and Managing Partner at Falconi, a management consultancy (2011-2017), where he led the implementation of the partnership model and internationalization, opening companies in the USA and Mexico. He was a systems analyst, IT manager, and CIO. He became a public servant for the State in 1993 at the Treasury Department of Rio Grande do Sul. After working at the Ministry of Finance and the Federal Senate, he led the Treasury of the State of Rio Grande do Sul in 2007 and was appointed Secretary of Planning and Management in 2008. In 2010, he assumed the presidency of Banrisul (board member 2008-2011), resigning from this position in 2011.*Tiago de Almeida Noel* holds a bachelor's degree in Economics. He is a partner at Opportunity, where he has served on the investment committee since 2020, having previously been a partner at Athena Capital from 2014 to 2020. He has been a board member of Equatorial Energia since 2021, serving as the coordinator of the Strategy and New Business Committee, a member of the Strategy and Innovation Committee, a member of the Operational Committee, and a member of the Statutory Audit Committee. He was a board member of Echoenergia Participações from 2022 to 2024.

Tinn Freire Amado holds a degree in Electrical Engineering from the Federal School of Engineering of Itajubá, with a master's degree in Regulation Economics and Competition Defense from the University of Brasília. He is currently the Executive Director of Equatorial Energia. Mr. Amado was the CEO of Echoenergia (2022-2024) and Director of Regulation and New Business at Equatorial Energia (2008-2022). He also serves as a board member of various subsidiaries/controlled companies of Equatorial Energia.

Board of Executive Officers

Our Board of Executive Officers may consist of up to seven statutory executive officers, including a Chief Executive Officer, a Chief Financial and Investor Relations Officer, and the others without specific designation, all appointed by our Board of Directors for a two-year term, with permitted re-elections. Our Board of Executive Officers is composed exclusively of professionals with qualifications compatible with their duties and proven experience and capability in their respective areas. Our executive officers are responsible for all matters concerning our day-to-day management and operations. Members of our Board of Executive Officers have individual responsibilities established by our Board of Directors and our bylaws.

As of the date of this annual report, we have three statutory executive officers: the Chief Executive Officer elected on September 24, 2024, by the Board of Directors and, the Chief Financial Officer and Investor Relations Officer and the Chief Engineering Officer elected on October 01, 2024 by the Board of Directors.

The following are the names, year of birth, positions, dates of election, and brief biographies of the members of our statutory executive officers as of the date of this annual report:

Statutory Executive Officer	Year of Birth	Position	Date of First Mandate	Date of Election
Carlos Augusto Leone Piani	1973	Chief Executive Officer	October 1, 2024	September 24, 2024
Daniel Szlak	1988	Chief Financial Officer and Investor Relations Officer	October 2, 2024	October 1, 2024
Roberval Tavares de Souza	1971	Chief Engineering Officer	January 31, 2023	October 1, 2024

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Carlos Augusto Leone Piani has over 20 years of experience in investments, mergers, and acquisitions, and has held various executive positions. He served as president of HPX Corp, the first SPAC dedicated to the Brazilian market (2020-2023). He is currently a board member of Hapvida Participações e Investimentos and Modular Data Centers. Previously, he was chairman of the Board of Directors of Equatorial Energia and a board member of Vibra Energia. Additionally, he was the global head of the strategic initiatives and mergers and acquisitions team and president of the Canadian division of Kraft Heinz (2019) and President of Kraft Heinz Canada (2015-2018). He also served as President of PDG Realty (2012-2015) and was a partner and co-head of the Private Equity area at Vinci Partners (2010-2015). He served as President and CFO of Equatorial Energia and its subsidiaries (2004-2010) and as a mergers and acquisitions analyst and partner in the Illiquid Proprietary Investments area at Banco Pactual (1998-2004). Mr. Carlos Piani holds a degree in Business Administration from IBMEC/RJ and in Data Processing from PUC-Rio. He also holds the CFA Charterholder title from the CFA Institute and completed the Owners and President Management (OPM) Program at Harvard Business School.

Daniel Szlak holds a degree in Chemical Engineering from the Polytechnic School of the University of São Paulo, has training in Leadership and People Management from Insper, and participated in executive training programs at Singularity University in Santa Clara, California, and Harvard Business School. Mr. Szlak was the CFO of Combio (2023-2024), the largest thermal energy supplier in Brazil, where he was responsible for the areas of finance, information technology, shared services center, and procurement. At Kraft Heinz, where he worked between 2014 and 2023, he was the CFO for Latin America and Canada and CEO of the company in Venezuela. Mr. Szlak was also a board member of BR Spices (2022-2023). Before that, he was a consultant at IGC Partners and worked at Procter & Gamble Brazil.

Roberval Tavares de Souza has been our Director of Operations and Maintenance since April 2023 and was Metropolitan Director from February to April 2023. He holds a degree in Civil Engineering from the University of Mogi das Cruzes, with a specialization in Basic Sanitation Engineering from the School of Public Health at the University of São Paulo, an MBA in Business Management from Fundação Getúlio Vargas, and an extension course in Leadership in Innovation from the Massachusetts Institute of Technology. Mr. Souza is a sanitation consultant (2022), and worked at Sabesp between 1992 and 2021, holding various management positions such as Superintendent of the Central Business Unit, Superintendent of the Southern Business Unit, Manager of Interception and Isolated Systems in the Sewage Treatment Business Unit, Administrative and Financial Manager in the Sewage Treatment Business Unit, Regional Manager of Operations, Maintenance, and Commercial Area in the Eastern Business Unit. He was also president of the Paulista Institute of Excellence in Management (2012-2014) and president of the Brazilian Association of Sanitary and Environmental Engineering (2016-2020).

Additionally, our management team includes eight management executives, who report to the Chief Executive Officer. These non-statutory executive officers are Chief Operation and Maintenance Officer, Chief Customer and Technology Officer, Chief Corporate Services Officer, Chief People and Performance Officer, Chief Regulation and Power Procurement Officer, Chief Legal Officer, Chief Corporate Development Officer and Chief Corporate Affairs and Sustainability Officer.

The following are the names, year of birth, positions, and brief biographies of the members of our Management Executives as of the date of this annual report:

Management Executives	Year of Birth	Position
Débora Pierini Longo	1978	Chief Operation and Maintenance Officer
Denis Maia	1972	Chief Customer and Technology Officer
Gustavo do Valle Fehlberg	1973	Chief Corporate Services Officer

Josué Bressane Junior	1963	Chief People and Performance Officer
Luciane Godinho Domingues	1977	Chief Regulation and Power Procurement Officer
Maria Alicia Lima Peralta	1973	Chief Legal Officer
Rafael Costa Strauch	1976	Chief Corporate Development Officer
Samanta I. Salvador Tavares de Souza	1975	Chief Corporate Affairs and Sustainability Officer

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Débora Pierini Longo holds a degree in Civil Engineering from Universidade Paulista, an MBA in Strategic Socio-Environmental Management from Fundação Instituto de Administração/Fundação Getúlio Vargas, and in Public-Private Partnerships and Concessions from Fundação Escola de Sociologia e Política de São Paulo, with an international module at the London School of Economics. She began her career at Sabesp in 1995 as an intern and since March 2023 has served as Executive Assistant to the Board. Before that, she was Superintendent of the Western Business Unit (2022-2023), Superintendent of the Northern Business Unit (2018-2021), Department Manager of the Butantã Regional Management Unit (2015-2018), Division Manager of Large Consumers West (2013-2015), Technical Planning Manager in the Western Business Unit (2010-2013), among others.

Denis Maia holds a degree in Computer Engineering from the Pontifical Catholic University of Rio de Janeiro, with executive education from INSEAD in Business Administration and Management and Blue Ocean Strategy. He was a Professor in Business Planning at the Pontifical Catholic University of Rio de Janeiro in the Department of Informatics and Instituto Gênesis. He founded Choice Technologies, a revenue assurance software company for utilities, in which he served as Chairman and CEO. He led the company in its international expansion from Latin America to Asia. He previously helped Brazilian utilities companies such as Equatorial, Light, Cemig, NeoEnergia, Enel, as well as large international conglomerates such as Grupo EPM (Colombia, Panama and El Salvador), Saudi Electricity and Tata Power (India), which won international awards including Best Global Digital Transformation (in relation to Grupo EPM) and Best Global Data Analytics Project (in relation to Saudi Electricity.). Since 2023, he serves as Vice President of Corporate Development at Bemobi (BMOB3).

Gustavo do Valle Fehlberg holds a degree in Engineering from the Pontifical Catholic University of Rio de Janeiro, an MBA in Business Management from Fundação Getúlio Vargas, and an MBA in Strategic Marketing from Ibmec. He was CEO of MobiTech Locadora de Veículos (February 2022 – March 2023), Executive Director of Burger King Brazil (2011-2022), and Superintendent of BRMalls (2009-2011), where he was also Corporate Manager for New Business and Revitalizations (2011-2011). Before that, Mr. Fehlberg was Managing Partner of Outback Brazil and Starbucks in Brazil (2008-2009) and General Manager of Companhia Energética do Maranhão – CEMAR (2004-2008).
Josué Bressane Junior holds a degree in Psychology from the Pontifical Catholic University of Campinas, a postgraduate degree in Human Resources from PUC RJ, an MBA in Business from COPPEAD, Rio de Janeiro, executive training in the advanced human resources program from the Ross School of Business, Michigan, USA, and is also an internationally certified coach by Columbia University, USA. Mr. Bressane has over 30 years of experience in strategic people management, strategic planning, guidelines and goal management for results, and integration of companies in Latin America and Europe. He has worked in various companies as an executive in People and Management, including Ambev, Sony Music, Grupo Ultra, AGV Logística, and CBC. As a people strategy consultant, he was a founding partner of GEMTE consultancy and a partner at Falconi Gconsidente, and more recently, he was a founding partner of Gtr3s Consultoria em Gente, Gestão e Governança and is currently a partner at B2People Executive Search since August 2018. He also worked at LHH as Consulting Director of the Performance Management practice (2018-2022). He is also a senior advisor in people and management in various public and private companies, having served as an external senior advisor at Vibra Energia (2020-2022), CVC Corp (2023-2024), and investees of the Opportunity Fund (since 2022). Additionally, Mr. Bressane acts as a mentor for young people at ISMART in career guidance (since July 2020) and a business mentor at Endeavor (since August 2018).

Luciane Godinho Domingues holds a degree in Administration with an emphasis on Finance from the Federal University of Rio Grande do Sul – UFRGS, a postgraduate degree in Economics from Fundação Getúlio Vargas – FGV and an Executive MBA in Finance from INSPER. She developed her career in the electricity sector with strong skills in business development, economic-financial assessment, regulatory analysis, project structuring and analysis, negotiation of robust contracts and development of multidisciplinary teams. Ms. Domingues worked at Grupo Gerdau S/A as a Trainee and Financial Advisor (2005-2008); M&A Specialist and Senior FP&A Analyst at AES Eletropaulo (2008 to 2012); Strategic Planning Coordinator and New Business Consultant (2012-2014) at the Votorantim Energia group (currently Auren); M&A and Business Assessment Manager at Alupar Investimentos S.A. (2014-2017); and Director4 of M&A and New Business at Equatorial Energia S.A. (2017-2024).

Maria Alicia Lima Peralta holds a degree in Law from the Pontifical Catholic University of Rio de Janeiro and is trained as an Administration and Corporate Governance Counselor by the Brazilian Institute of Corporate Governance – IBGC. She was Director of Institutional Relations, Communication, ESG and Diversity at Grupo Carrefour Brasil

(2022-2024), Global Legal Vice President at UnitedHealth Group and Legal Director at Amil (2016-2019), Legal Director and Director of Institutional Relations at Souza Cruz (2010-2016).

Rafael Costa Strauch holds degrees in Economics from UFRJ and Administration from IBMEC, with an emphasis on Finance. He holds a master's degree in Economics from Fundação Getúlio Vargas – FGV/RJ. He was a career employee at BNDES since 2004, where he held several executive positions. He has extensive experience in the analysis and structuring of financing for long-term projects, as well as in capital markets and data science. He was Chief of Staff at Sabesp (January 202 – October 2024).

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Samanta I. Salvador Tavares de Souza holds a degree in Business Administration with an emphasis on Foreign Trade from the Methodist University of São Paulo. She has a postgraduate degree in Accounting and Financial Administration from Fundação Armando Alvares Penteado – FAAP, an extension in Marketing from Fundação Getúlio Vargas – FGV, an Executive MBA from FIA/USP – São Paulo and a degree in Business Administration from Columbia University in New York. Ms. Souza was the Undersecretary of Water Resources and Basic Sanitation of the State of São Paulo (2023-2024). She has worked at Sabesp for over 25 years, where she was Executive Assistant to the Board, Head of Customer Experience, and worked in various areas of the company such as Integrated Planning Water, Sewage, Commercial, Large Consumers, Controlling and Accounts Payable.

B. Compensation

Pursuant to Brazilian Corporate Law, our shareholders are responsible for establishing the aggregate amount of compensation we pay to the members of our Board of Directors, members of our Fiscal Council and our executive officers. According to CVM Regulation, we have to periodically disclose certain information on the aggregate compensation such as averages and fringe benefits.

In the years ended December 31, 2024, 2023 and 2022, the aggregate compensation, including taxes, social contribution charges and benefits-in-kind granted that we paid to members of our Board of Directors, Board of Executive Officers and Fiscal Council for services in all capacities was R$11.3 million, R$10.5 million and R$7.5 million, respectively.

The table below sets forth the breakdown of the total compensation received by our directors and members of our Board of Executive Officers and Fiscal Council and other data related to their compensation for the periods indicated:

	2024	2023	2022
		(R$ in thousands)	
Total compensation per administrative body			
Board of Directors	2,274	2,185	1,872
Board of Executive Officers	8,577	7,919	5,345
Fiscal Council	478	354	331
Total amount of compensation	11,308	10,458	7,548
Number of members (individuals)			
Board of Directors	10.50	11.33	10.75
Board of Executive Officers	6	5.50	5.58
Fiscal Council	4.67	4.08	4.83
Fixed annual compensation			
Salary			
Board of Directors	1,750	1,968	1,440
Board of Executive Officers			2,729

	4,003	3,464	
Fiscal Council	368	272	255
Direct and indirect benefits			
Board of Directors	524	503	432
Board of Executive Officers	2,169	1,991	1,311
Fiscal Council	111	82	76

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Variable compensation			
Bonus			
Board of Directors	-	-	-
Board of Executive Officers	2,300	2,073	1,305
Fiscal Council	-	-	-
Maximum amount of compensation			
Board of Directors	298	164	234
Board of Executive Officers	1,614	1,736	974
Fiscal Council	77	57	68
Minimum amount of compensation			
Board of Directors	186	138	140
Board of Executive Officers	1,614	924	959
Fiscal Council	7	57	68
Average amount of compensation			
Board of Directors	216	193	174
Board of Executive Officers	1,429	1,440	957
Fiscal Council	102	87	68

At our Ordinary and Extraordinary General Shareholders' Meeting held on April 29, 2025, our shareholders approved the amount of R$65.7 million in aggregate compensation payable to the members of our Board of Directors, Fiscal Council and Board of Executive Officers in 2025. The remuneration proposal for 2025 is aligned with the new Remuneration Policy approved by the Board of Directors on March 24, 2025, included in this document as Exhibit 97 to this Annual Report.

On Apil 29, 2025, our shareholders approved our Restricted Shares Plan and our Performance Shares Plan which are key components of our long-term incentive program which is designed to align the interests of our Executive Officers with our long-term objectives, particularly the Universalization Target.

Incentive Plans

Restricted Shares Plan

The Restricted Shares Plan involves granting restricted shares to eligible participants, which vest over a specified period based solely on time-based conditions, without performance metrics. The intention of the plan is to promote retention and encourage sustained commitment to our strategic goals, especially those outlined in the Concession Agreement for URAE-1. This plan incentivizes long-term commitment by tying share vesting to continued employment, with the potential for early vesting linked to achieving critical Universalization Targets. The main terms of such Plan are:

- **Eligibility**: Statutory officers, employees and service providers of us or our subsidiaries may be selected by the Board of Directors to participate in this Plan.
- **Vesting Period**: The acquisition of the right to the restricted shares will be conditioned on the participants being continuously bound as our officers, employees or service providers for a total vesting period of 4 years, with 25% of the right acquired each year from the grant date. The vesting period for the Chief Executive Officer is structured over eight years, with a gradual vesting schedule, specifically: 5% after 1 year, 10% after 2 years, 15% after 3 years, 20% after 4 years, 20% after 5 years, 15% after 6 years, 10% after 7 years, and 5% after 8 years.
- **Acceleration Clause**: Vesting may be accelerated in October 2030 if the Universalization Factor ("U Factor") goals, as defined in the Concession Agreement for URAE-1, are met, allowing all unvested restricted shares to vest fully if the participant remains employed by us.
- **Grant Allocation**: In 2025, restricted shares constitute up to 35% of the total share-based long-term incentive grant, with the remaining 65% allocated to performance shares.

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- **Condition**: Vesting is contingent on the participant remaining employed us throughout the vesting period, thus ensuring retention.
- **Accounting**: The fair value of restricted shares granted in 2025 is part of our R$145.0 million aggregate value of our long-term incentive program, with expenses recognized from 2025 to 2032 (for the Chief Executive Officer) or 2025 to 2029 (for other Executive Officers). For 2025, the proposed limit for long-term variable compensation, including restricted shares, is R$18.6 million.

Performance Shares Plan

The Performance Shares Plan grants performance shares that vest over a five-year cycle, contingent on both time-based and performance-based conditions, specifically the achievement of the U Factor and Total Shareholder Return ("TSR") targets. It incentivizes sustained performance and value creation for shareholders by linking share vesting to critical operational and financial metrics. This plan drives long-term performance by tying share vesting to the achievement of universalization goals and shareholder value creation, ensuring alignment with our strategic priorities. The main terms of such Plan are:

- **Eligibility**: Statutory officers, employees and service providers of us or our subsidiaries may be selected by the Board of Directors to participate in this Plan.
- **Vesting Period and Structure**: The plan operates over a five-year vesting cycle (2025–2030), with shares divided into 5 lots: Lot 1 (15.38%), Lot 2 (15.38%), Lot 3 (15.38%), Lot 4 (23.08%), and Lot 5 (30.78%) of the total target amount. Vesting is assessed annually based on performance metrics, with shares vesting partially each year if conditions are met. For the Chief Executive Officer, shares are transferred only at the end of the five-year cycle, while for other officers, shares are transferred annually after performance measurement.
- **Performance Conditions**:

  U Factor: The primary U Factor indicator is measured annually to assess progress in reaching the universalization goals set by the Concession Agreement for URAE-1. Vesting ranges from 0% to 100% of each lot's target amount based on U Factor achievement:

  - *0.0% < U Factor ≤ 1.0%:* 100% vesting.
  - *1.0% < U Factor ≤ 3.0%:* Linear interpolation between 0% and 100%.
  - *U Factor > 3.0%:* 0% vesting.
- **TSR (Total Shareholder Return)**: Total Shareholder Return is measured annually to potentially increase vesting from 100% to 150% of each lot's target amount:
  - *TSR ≤ IPCA + 9.0%:* 100% (no increase).
  - *IPCA + 9.0% < TSR ≤ IPCA + 13.0%:* Linear interpolation between 100% and 150%.
  - *TSR > IPCA + 13.0%:* 150% (maximum).
- **Employment Condition**: Participants must remain employed by us until the U Factor determination date for each lot to receive vested shares.

- **Grant Allocation**: In 2025, performance shares constitute at least 65% of the total share-based long-term incentive grant, with the remaining 35% allocated to restricted shares.
- **Accounting**: The fair value of performance shares granted in 2025 is part of the R$145.0 million aggregate value of our long-term incentive program, with expenses recognized from 2025 to 2029. For 2025, the proposed limit for long-term variable compensation, including performance shares, is R$18.6 million.
- **Public Monitoring**: U Factor updates are audited annually by ARSESP.

For further details about our incentive plans, see our Form 6-K furnished to the SEC on April 11, 2025, which is not incorporated by reference herein.

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C. Board Practices

The members of our Board of Directors are elected at an annual shareholders' meeting to serve a two-year term and such term may be renewed without limitation. Our Board of Directors ordinarily meets once a month or when called by a majority of the directors or the chairman. For more information, see "Item 6.A. Directors and Senior Management—Board of Directors."

The meetings of our Board of Executive Officers are generally held once a month or whenever called by our Chief Executive Officer or by two officers without specific designation jointly. For more information, see "Item 6.A. Directors and Senior Management—Board of Executive Officers."

None of our directors and/or statutory executive officers is a party to an employment contract providing for benefits upon termination of employment.

Fiscal Council (Conselho Fiscal)

Our Fiscal Council, which is established on a permanent basis, consists of a minimum of three and a maximum of five sitting members and the same number of alternates. Our Fiscal Council currently consists of five sitting members and five alternates. All the current members of our Fiscal Council were elected at the Ordinary and Extraordinary General Shareholders' Meeting held on April 29, 2025, with a term until the Ordinary General Meeting following his election, with re-election permitted.

The primary responsibility of the Fiscal Council, which is independent from management and from the external auditors appointed by our Board of Directors, is to review our Consolidated Financial Statements and report on them to our shareholders. Our Fiscal Council generally meets once a month.

The following are the names, year of birth, position, date of election, and brief biographies of the current and alternate members of our Fiscal Committee as of the date of this annual report:

Fiscal Council Members	Year of Birth	Position	Date of First Mandate	Date of Election
Aristóteles Nogueira Filho	1985	Member	October 1, 2024	April 29, 2025
Gisomar Francisco de Bittencourt Marinho	1964	Member	April 26, 2024	April 29, 2025
Hamilton Valente da Silva Junior	1976	Member	October 1, 2024	April 29, 2025
Maria Salete Garcia Pinheiro	1955	Member	October 1, 2024	April 29, 2025
Diego Allan Vieira Domingues	1983	Member	April 30, 2025	April 29, 2025
Dorgival Soares da Silva	1956	Alternate	October 1, 2024	April 29, 2025
Vanderlei Dominguez da Rosa	1963	Alternate	October 1, 2024	April 29, 2025
Adilson Celestino de Lima	1963	Alternate	October 1,2024	April 29, 2025
Marizio Martins da Costa	1952	Alternate	April 30, 2025	April 29, 2025
Fábio Aurélio Aguilera Mendes	1978	Alternate	April 30, 2025	April 29, 2025

Aristóteles Nogueira Filho has extensive professional experience in the financial sector, with expertise across various industries, including oil and gas, commodities, and consumer goods. He began his career in the financial market

in 2006, holding positions at Santander, Société Générale, and Safra. More recently, he has held roles at major Brazilian asset management firms such as Opportunity, Truxt, and XP, focusing on equity analysis and portfolio management. He holds a degree in Engineering from the State University of Campinas (UNICAMP) and a specialization in Mechatronic Engineering from the École Nationale Supérieure d'Arts et Métiers (ENSAM). He possesses several certifications, including CFA, CGA, CPA-20, and CNPI, and has completed courses in business analysis (Massachusetts Institute of Technology), corporate law (Fundação Getulio Vargas), board development (Fundação Dom Cabral), and Fiscal Council (IBGC). Aristóteles has served as a fiscal council member at CELPE and is a board member of Instituto Ponte, an NGO focused on education.

Gisomar Francisco de Bittencourt Marinho holds a degree in Economics from the Federal University of Rio de Janeiro (UFRJ), with a postgraduate qualification in Economic Engineering and Industrial Administration (UFRJ); a master's degree in Business Administration (COPPEAD/UFRJ); and an MBA in Electric Energy Business Management (FGV)., He served as Consultant (Project Director) at Galeazzi & Associados (2023-2024), and currently he serves as a Fiscal Council Member (Principal) at Eletrobras and SABESP. Mr. Marinho was the Administrative and Financial Director and Investor Relations Officer at Light S.A. (2021-2022). He also served as the Financial Director and Investor Relations Officer at Log-In Logística Intermodal S.A. (2018-2020), and as Financial Director and Investor Relations Officer at UNIDAS S.A. (2011-2018).

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Hamilton Valente da Silva Junior holds a degree in Engineering from the Military Institute of Engineering – IME, with a stint at the École Supérieure d'Électricité at Supélec and has an Executive MBA from COPPEAD/UFRJ. Currently, he is a Consulting officer and manager at Opportunity. In his professional journey, he served as Operations Director at Empresa Gestora de Ativos S/A (EMGEA) (2022-2023); Advisor to the President at the National Bank for Economic and Social Development (BNDES) (2020-2022); Director at the Secretariat of the Union's Heritage (SPU) (2019-2020); and Board Member at the Energy Research Company (EPE) (2019-2020). Previously, he collaborated with companies such as CR2 Empreendimentos, Alcatel-Lucent, and Accenture, and co-founded companies operating in the real estate market.

Maria Salete Garcia Pinheiro is certified by the IBGC to serve on Boards of Directors and Fiscal Councils. She holds a degree in Accounting and an MBA in Finance from IBMEC (2001) and has completed a Business Training Programme at the University of Ontario, Canada. Currently, she serves as a full member of the Fiscal Council of Equatorial Energia S.A., Equatorial Pará Distribuidora de Energia S.A., and, since 2023, the Companhia Estadual de Distribuição de Energia Elétrica (CEEE-D), also part of the Equatorial Group. She has been the Coordinator of the Audit Committee for HDI Seguros S.A. and Icatu Seguros S.A. since 2020.

Diego Allan Vieira Domingues holds a degree in Mechanical Engineering from Faculdade Industrial – FEI, a professional master's degree in Economics from Fundação Getúlio Vargas – FGV, and is currently completing a postgraduate degree in Public Law and Public Management at the Damásio de Jesus Institution. He served as Chief of Staff at the Secretariat for Investment Partnerships (January 2023-December 2024). At the São Paulo State Department of Finance and Planning, he was Director of the Finance Department (June 2021-December 2022), and Coordinator of State Financial Administration (2018-2021). Mr Domingues has been a fiscal advisor to several companies, such as Empresa Paulista de Planejamento Metropolitano S/A – EMPLASA (April 2018-December 2020), Companhia Paulista de Obras e Serviços – CPOS (April 2019-March 2020), Companhia Paulista de Securitização – CPSEC (May 2020-March 2023), and Companhia Paulista de Trens Metropolitanos – CPTM (May 2023-October 2024). Currently, he is the Executive Secretary at the Secretariat for Investment Partnerships (from December 2024), a Board Member of Desenvolve SP – São Paulo State Development Agency (from May 2023), and of Empresa Metropolitana de Transportes Urbanos de São Paulo – EMTU (from October 2024).

Adilson Celestino de Lima holds a degree in Accounting from the Catholic University of Pernambuco, with a specialization, master's, and doctorate in Administration/Finance from the universities of Pernambuco, Federal University of Paraíba, and Federal University of Pernambuco. Currently, he is an associate professor at the Federal Rural University of Pernambuco and a consultant in the areas of Valuation and M&A. Mr. Celestino teaches at both undergraduate and master's levels and served as Director of Operations Planning and Controllership at Guaraves S/A (2017-2022). He was the Technical Director at MTA Consultoria e Treinamento (2010-2017). He also taught at the Catholic University of Pernambuco (2000-2015). He has worked with companies such as J. Macedo Alimentos, Elekeiroz Indústria Química, White Martins, and Ernst & Young, among others.

Dorgival Soares Da Silva holds a degree in Business Administration from the University of Pernambuco in 1981 and completed a postgraduate degree in Financial Administration from the same university in 1983. He holds an International Executive MBA from FIA-USP (1999) and an Executive MBA in Finance from IBMEC/INSPER-SP (1995). Additionally, he has a specialization in Mergers and Acquisitions from Insper, Judicial Recovery of Companies from Insper, Corporate Governance from Fundação Dom Cabral, Logistics from Fundação Getúlio Vargas – FGV-SP, 2000, and e-Business from Asit Coppe-UFRJ.

Vanderlei Dominguez da Rosa holds a degree in Accounting from the Federal University of Rio Grande do Sul – UFRGS (1990) and is registered with the Regional Accounting Council of the State of Rio Grande do Sul under number

45.758/O-1. He worked as an independent auditor (1988-2016) and was a partner at HB Audit – Auditores Independentes (1994-2016). He has been serving as a member of Fiscal Councils since April 2000 in various publicly traded companies. Currently, he is a member of the fiscal council for Odontoprev S.A. since April 2007 (Principal), WEG S.A. since April 2014 (Principal) and from April 2013 to April 2014 (Alternate); (iii) Equatorial Energia S.A. since April 2015 (Principal); (iv) Equatorial Pará Distribuidora de Energia S.A. since April 2015 (Principal); (v) Equatorial Maranhão Distribuidora de Energia S.A. since April 2015 (Principal); (vi) Valid Soluções S.A. since April 2016 (Principal) and from April 2015 to April 2016 (Alternate); (vii) Triunfo Part. e Investimentos S.A. since April 2018 (Principal) and from April 2011 to April 2014 (Principal); (viii) CEEE-D since July 2021 (Principal); (ix) Lojas Renner S.A. since October 2020 (Alternate); and (x) Petróleo Brasileiro S.A. starting from April 2024 (Alternate); and (xi) he is a member in our Fiscal Council since October 2024 as an alternate.

Marizio Martins da Costa holds a degree in Accounting from the Associação de Ensino Unificado do Distrito Federal – AEUDF, a postgraduate degree in Public Administration from Fundação Getúlio Vargas and was a Board Member of the Regional Accounting Council of the Federal District (1990-1994). He began his career as a Federal Internal Control Auditor at the National Treasury Secretariat and as an office assistant in Patos de Minas where he qualified as an Accounting Technician. In Brasília, his activities were divided between the private sector in Construction and Sanitation where he served as chief accountant, a member of the Fiscal Council of Polienge S/A, and later joined the Federal Public Service where he worked in the Internal Control area of the Ministry of Health, Ministry of Federal Administration and State Reform, and Ministry of Science and Technology. He currently works in training for public servants throughout the Brazilian Public Administration through direct contracts or with a consulting and training company.

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Fábio Aurélio Aguilera Mendes graduated in Law from the Faculty of Law of Itu and is currently Chief of Staff at the Secretariat of Environment, Infrastructure and Logistics since December 2022. He has been a member of the Eligibility and Advisory Committee of CETESB since 2019, and an alternate member of the Fiscal Council of Companhia Paulista de Securitização – CPSEC since 2023. Mr Mendes was a Technical Advisor at the Environmental Company of the State – CETESB, (April 2012-December 2022), and a member of various boards and committees, including the Administrative Board of Traffic Infraction Resources of the State of São Paulo – JARI (2023-2024), the Eligibility and Advisory Committee of Empresa Metropolitana de Águas e Energia – EMAE (2019-2024), the Eligibility and Advisory Committee of SABESP (2019-2024), and the Environmental Compensation Chamber of the State of São Paulo (2019-2023).

Audit Committee

Our bylaws provide for an Audit Committee to be comprised of a minimum of three and a maximum of five members and: (i) at least one member must be an independent member of the Board of Directors; (ii) at least one member must not be a member of the Board of Directors and must be chosen among professionals with renowned reputation in the market and have significant experience in matters within their competence; (iii) at least one member must have recognized experience in corporate accounting matters, under applicable regulation, and (iv) the majority of the members must be independent, according to the independence requirements provided for in CVM Resolution 23/2021, in addition to cumulatively meeting the requirements of (i) independence, (ii) technical knowledge; (iii) time availability; and (iv) identification and/or compliance with applicable exemptions, in accordance with the rules of SEC and the NYSE. The participation of our executive officers, and those of our subsidiaries, affiliated companies, or companies under common control in the Audit Committee is prohibited. Our Board of Directors determined that Mateus Affonso Bandeira qualifies as a Coordinator and as Financial Expert under the SEC rules. The current members were appointed by the Board of Directors. The Audit Committee is mainly responsible for assisting and advising the Board of Directors in its responsibilities to ensure the quality, transparency and integrity of our published financial information and Consolidated Financial Statements. The Audit Committee is also responsible for supervising all matters relating to the Code of Conduct and Integrity, accounting, internal controls, the internal and independent audit functions, compliance, risk management and internal policies, such as the related party's transaction policy. The Audit Committee and its members have no decision-making powers or executive functions. The Audit Committee has operational autonomy and its own budget approved by the Board of Directors, in accordance with applicable regulations and the Novo Mercado Listing Regulation. For more information, see "Item 16.D. Exemptions from the Listing Standards for Audit Committees."

The minimum availability required from each member of the Audit Committee is thirty hours per month. Under our bylaws, the members of the Audit Committee, who are also members of the Board of Directors, have to exercise the function of member of the Audit Committee for the duration of their respective term of office on the Board of Directors. The members of the Audit Committee may be reappointed up to two times in their terms of office. In the event that an Audit Committee member resigns or is removed from office after exercising any portion of his or her term, such member may only rejoin the Audit Committee at least three years from the end of such member's term.

We currently have four members on our Audit Committee. The following are their names, positions, and dates of election as of the date of this annual report:

Audit Committee Members	Position	Date of First Mandate	Date of Election
Mateus Afonso Bandeira	Coordinator and Financial Expert	November 8, 2024	October 1, 2024
Gustavo Rocha Gattass	Member	November 8, 2024	October 1, 2024
Saulo de Tarso Alves de Lara[(1)]	Member	November 8, 2024	November 8. 2024
Eduardo Person Pardini[(1)]	Member	November 8, 2024	November 8, 2024

(1) External members

The meeting of the Board of Directors held on October 1, 2024, elected two members of the Audit Committee: Mateus Affonso Bandeira and Gustavo Rocha Gattass. The meeting of the Board of Directors held on November 8, 2024, elected the two remaining members of the Audit Committee: Eduardo Person Pardini and Saulo de Tarso Alves de Lara.

For more information on Matheus Affonso Bandeira and Gustavo Rocha Gattass, see "Item 6.A. Directors and Senior Management—Board of Directors."

Eduardo Person Pardini holds a degree in Accounting Sciences from the University of Economic Sciences of São Paulo, a postgraduate degree in Administration with an emphasis on Finance from Fundação Álvares Penteado and training in various extension courses in Brazil and abroad, such as Business Strategy by Wharton Business School at the University of Pennsylvania, Corporate Management at Fundação Getúlio Vargas, Ethics and Corporate Governance at Milliken University and Innovation at the Massachusetts Institute of Technology. He is currently a principal partner at CrossOver Consulting & Auditing. He is also Executive Director of the Internal Control Institute chapter Brazil, member of the Audit Committee of Companhia de Saneamento de Santa Catarina and a professor of risk-based auditing in the MBA course at Escola de Negócio Trevisan. Mr. Pardini was an independent member of our Board of Directors from May 2023 to September 2024, as well as a member of the Audit Committee in the same period and is currently an external member of the Audit Committee. Mr. Pardini has more than 43 years of experience as an external and internal auditor, senior executive of multinational and national companies, teacher and speaker on auditing, internal controls, risk management and governance for government entities and private sector entities.

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Saulo de Tarso Alves de Lara holds a degree in Business Administration from Fundação Getúlio Vargas and in Accounting from Faculdade Paulo Eiró. He also holds a graduate degree in Controllership and Finance from IMD – International Management Development. He started his career at Arthur Andersen as an external auditor and later worked in construction and the cement industry. In 1996, he became the CFO of an American packaging company, and, in 1998, he served as Director of Planning and Control at Cyrela Brazil Realty, where remained until 2010, when he took office as Director of Controllership at PDG Realty. He served as CFO at Greenwood Resource Brazil from 2013 to 2022 and as member of the Advisory Council of Global Timber Resources and Greenwood Brasil, from 2015 to 2024. He is also a Fiscal Council member at Equatorial Energia, Equatorial Maranhão, Equatorial Pará, and CEEE-RS.

Recent developments in the structure of the Board of Directors' committees

On May 27, 2024, an Extraordinary General Shareholders' meeting was held, at which important developments for our corporate structure were approved, including the creation of three statutory advisory committees designed to advise the Board of Directors in the supervision of our business and in decision-making, acting as auxiliary and advisory bodies. The statutory committees are: the Eligibility and Compensation Committee, the Sustainability and Corporate Responsibility Committee, and the Related Party Transactions Committee. The nomination of members for the statutory advisory committees is the responsibility of the Chairman of the Board of Directors, who must submit the nominations for approval by the Board of Directors.

In accordance with our bylaws, statutory committees should consist of at least 3 and at most 5 members, with one of them being a member of our Board of Directors and one of the members acting as the coordinator. The term of office of the members of the statutory or non-statutory advisory committees must coincide with the term of office of the members of the Board of Directors and, except in the event of resignation or dismissal, the terms of office are considered automatically extended until the election of the respective substitutes.

Eligibility and Compensation Committee

Since 2018, we have had a statutory committee responsible for supervising the process for the appointment and evaluation of members of our Board of Directors, Board of Executive Officers and Fiscal Council. At the Extraordinary

General Shareholders' meeting held on May 27, 2024, this committee became the Eligibility and Compensation Committee also assumed responsibilities regarding remuneration, including for our statutory and non-statutory committee members.

Members must have academic qualifications compatible with their responsibilities, or professional experience in the matters they are responsible for.

The following are the names, positions and dates of election of the members of our Eligibility and Compensation Committee:

Eligibility and Compensation Committee	Position	Date of First Mandate	Date of Election
Alexandre Gonçalves Silva	Coordinator	October 1, 2024	October 1, 2024
Mateus Affonso Bandeira	Member	October 1, 2024	October 1, 2023
Tiago de Almeida Noel	Member	October 1, 2024	October 1, 2024
Ana Silvia Corso Matte[(1)]	Member		October 1, 2024
Luiz Fernando Giorgi[(1)]	Member	November 7, 2024 November 7, 2024	October 1, 2024

(1) External members

For more information on Alexandre Gonçalves Silva, Matheus Affonso Bandeira and Tiago de Almeida Noel, see "Item 6.A. Directors and Senior Management—Board of Directors."

Ana Silvia Corso Matte holds a law degree from UFRGS and a postgraduate degree in human resources from PUC-IAG. She has solid experience in executive positions, She has extensive experience in executive roles, having held C-level positions in companies such as CSN - Companhia Siderúrgica Nacional, Grupo Sendas, and Light S.A. Since 2013, she has served as a board member and member of advisory committees for board of directors, and has held mandates in companies like Cemig, Renova Energia, Vale, Copel, Eletrobrás, and Sabesp (for which she was a board member during the privatization phase of both companies). Currently, she is a Board Member at Norte Energia S.A. (Belo Monte) since January 2023 and is a member of the Sustainability Committee. She also rejoined the Board of Directors of Eletrobrás in April 2024, where she is part of the People and Sustainability Committees. She is certified as an Experienced Board Member by the Brazilian Institute of Corporate Governance (IBGC) (CCA+ class), where she also serves as an instructor for courses offered by the Institute. She has been a member of the People's Committee since 2022. She is also the managing partner of Ana Silvia Matte Consultoria em Gestão Ltda. and an investor in startups. Additionally, she is a mentor for executives and actively participates in the Racial Equality Group of the organization "Mulheres do Brasil". She has been a member of WCD - Women Corporate Directors for 6 years.

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Luiz Fernando Sanzogo Giorgi has been a partner and founder of LFG – Governança & Gestão since 2005, in addition to being a member of the board of directors of TEADIT Group S.A., Be8 Group and NK Store. Additionally, he is part of the following committees: People, Culture and ESG of Grupo Globo; Remuneration of Banco Santander S.A.; People and Culture of Tigre S.A.; People and Governance of Martins Atacadista S.A.; and People and Governance of Grupo Rodobens S.A. He has extensive experience on the Board of Directors of companies such as Arezzo & CO S.A., Santher S.A., Grupo Vonpar S.A., J. Macedo Alimentos S.A., Empresas Concremat, Advertising Agency Heads and Vix Logísitica S.A. He has been a member of the HR Committees of several companies, including Sul América Seguros S.A. (2012-2023), Lojas Marisa S.A. (2014-2017) and Itautec S.A. (2013). Mr. Giorgi worked at the Suzano Group (2003-2005), as Executive Vice-President of Suzano Holding, as a member of the Management Committee of the Board of Suzano Papel e Celulose, as Executive Director of Suzano Petroquímica, and also an Advisor to Petroflex. Furthermore, he was president of Brazil at HayGroup and Partner of the World Group (1996-2003) at the same company. He also has experience at PWC and Embraer (1982-1988).

Sustainability and Corporate Responsibility Committee

The Sustainability and Corporate Responsibility Committee reflects our commitment to socio-environmental responsibility and the search for innovative solutions. Through this committee, we intend to integrate sustainable practices into all our operations, promoting innovation and competitiveness in a conscious way and aligned with the demands of contemporary society. Currently, the Sustainability and Corporate Responsibility Committee is responsible for integrating ESG aspects into our business strategy, as well as encouraging the adoption of the highest socio-environmental and governance standards in our corporate policies and procedures.

Among any material risks that may impact our valuation and reputation, as well as proposing preventive and mitigating measures, the Sustainability and Corporate Responsibility Committee is responsible for monitoring our

structure and conditions to meet demands related to emergency situations and the impact of extreme weather events, in addition to the other duties provided for in our bylaws.

The following are the names, positions and dates of election of the members of our Sustainability and Corporate Responsibility Committee:

Sustainability and Corporate Committee	Position	Date of First Mandate	Date of Election
Karla Bertocco Trindade	Coordinator	October 1, 2024	October 1, 2024
Claudia Polto da Cunha	Member	October 1, 2024	October 1, 2024
Tinn Freire Amado	Member	October 1, 2024	October 1, 2024
Frederic Rozeira de Sampaio Mariz[(1)]	Member	November 7, 2024	October 1, 2024
Aurélio Fiorindo Filho[(2)]	Member	November 7, 2024	October 1, 2024

(1) External member.

(2) Employee's representative.

For more information on Karla Bertocco Trindade, Claudia Polto da Cunha and Tinn Freire Amado, see "Item 6.A. Directors and Senior Management—Board of Directors."

Frederic Rozeira de Sampaio Mariz. Mr. Mariz has a master's degrees in Finance at ESSEC Paris, History at Sorbonne University, Political Science at Science Po. in Paris, Economic Policy at Columbia University in New York and a PhD in Finance at FEA-USP. He has more than 20 years of experience at banks and financial institutions. Since 2012, he has worked at UBS – Investment Bank, where he is currently responsible for Sustainable Finance for Latin America. Also at UBS, he held several positions as Head of Financial Institutions and Fintech in Latin America (2018-2022) and the Head of Financial Institutions in Latin America in the Equity Research area at UBS (2012-2018) and is ranked by Institutional Investors. Since 2017, he has been an Adjunct Professor of Sustainable Finance at Columbia University – SIPA in New York. Furthermore, he is the author and co-author of four books on Finance and Sustainability and has published numerous articles in academic journals. He has been an independent member of Wickbold's Sustainability Committee since 2023, the Sustainability Committee of ANBIMA since 2022, and the Sustainability Committee of IBGC since 2024. He has worked as vice-president at JP Morgan (2007-2012), at Goldman Sachs in New York (2005-2007), at the United Nations in New York (2004) and at Deloitte in Paris (2002).

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Aurélio Fiorindo Filho. Mr. Fiorindo Filho holds a degree in Civil Engineering from Camilo Castelo Branco University and in Business Administration from Universidade Paulista – UNIP. He has a specialization in Basic Sanitation Engineering from the Faculty of Public Health at USP, an MBA – Administration for Engineers from Instituto Mauá de Tecnologia, a specialization in Project Management from Fundação Vanzolini and an MBA in Business Management from FIA USP. He has been an employee since 1992, working as Manager in several areas, mainly linked to the execution of works, maintenance and operation of water supply and sewage systems, commercial services and customer service, billing and collection. He currently holds the position of Department Manager for Maintenance Development. He worked at ATTEND Ambiental from 2020 to 2023 as member of the Board of Directors. At Sabesp he worked as Superintendent of the Metropolitan West – MO and Center – MC Business Units, (2015-2023), Department Manager – UGR – São Mateus (2011-2015), Division Manager – Maintenance Pole – São Mateus (2006-2011) Sector Manager of the Maintenance Poles (Mooca, Sé and Vila Mariana (2000-2006)).

Related Party Transactions Committee

We have a Related Party Transactions Committee, responsible for guiding the conduct of transactions with related parties and situations involving potential conflict of interest, aiming to preserve our interests and ensure full independence and absolute transparency, and must report to the Audit Committee where applicable. This committee is responsible for ensuring compliance with the criteria established the policies approved by our Board of Directors, analyze and give an opinion on any transactions that characterize a transaction with a related party and the impact of its execution, including as regards: (a) reputational risks; (b) performance under market conditions, on a commutative basis or with the appropriate compensatory payment; (c) the duly substantiated justifications for carrying out transactions that are not classified as under commutative and market conditions and the need for compensatory payment, and opine on situations involving potential conflicts of interest in transactions with related parties, when any manager, shareholder or other governance agent of ours is not independent in relation to the matter and may influence or make decisions motivated by particular interests or interests distinct from ours.

The Related Party Transactions Committee is composed of at least three and at most five members, one of whom shall be an independent Board member and who will also be its coordinator, and the others shall be external members of recognized reputation in the market, with no employment or statutory ties to us, and with relevant experience in matters related to their competence. The following are the names, positions and dates of election of the members of our Related Party Transactions Committee:

Related Party Transactions Committee	Position	Date of First Mandate	Date of Election
Alexandre Gonçalves Silva	Coordinator	March 7, 2025	October 1, 2025
Eduardo França de La Penã[(1)]	Member	March 7, 2025	February 27, 2025
Everson Zaczuk Bassinello[(1)]	Member	March 7,2025	February 27, 2025

(I) External member.

For more information on Alexandre Gonçalves Silva, see "Item 6.A. Directors and Senior Management—Board of Directors."

Eduardo França de La Peña holds a degree in Business Administration from the Pontifical Catholic University of Rio de Janeiro and an MBA from the University of Michigan. He has been founding partner and manager at Alis Investimentos since 2023. Throughout his career, he has gained significant experience in the financial and capital markets. He served as Managing Director – Head of ECM and Financial Sponsors Coverage at Credit Suisse (2018-2022), Director – ECM & Financial Sponsors Coverage at BTG Pactual (2017-2018), and was a partner at Brasil Plural (now Genial) (2009-2017). He also worked at Corretora Flow (2007-2009) and Itaú Asset (2006-2007). His experience further includes positions at Banco Modal (2004-2006) and Banco Santander / Bozano, Simonsen (1997-2004). Currently, Mr. Eduardo is a member of the Fiscal Council of Espaçolaser. He was a member of our Board of Directors (2024) and has also served as a representative on the Board of Directors of companies invested in by FIP Brasil Energias Renováveis, including Eólicas do Sul, Bons Ventos da Serra, and RBO Energia.

Everson Zaczuk Bassinello holds a degree in Mechanical Engineering from the Federal University of Itajubá and a postgraduate degree in Business Administration from Fundação Getúlio Vargas. He also completed an Executive MBA in-company at Business School São Paulo, a specialization in Corporate Governance at the Kellogg School of Management, and Board Member training at the Brazilian Institute of Corporate Governance (IBGC). Since 2024, he has been an Independent Member of the Risk and Internal Controls Committee at Uisa. With over 20 years of experience in GRC (Governance, Risk, and Compliance), his career includes key roles such as Risk Management and Internal Controls Coordinator at Votorantim, General Manager of Governance, Audit, Risk, and Compliance at Fibria Celulose (now Suzano Celulose), Board Member and Audit Committee Member at Veracel, and Vice President of Risk & Continuity, Controls & Access, Compliance & Privacy, and Audit & Loss Prevention, serving as CCO, CRO, and CAE at Braskem. Additionally, he served as Audit and Compliance Committee Coordinator at Braskem Idesa and Compliance Committee Coordinator at Cetrel.

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D. Employees

One of our strategic guidelines is to value people. We have adopted the competency-based people management model, which is continually to ensure towards innovation, flexibility, continuous improvement, high performance and engagement of the workforce. The competency-based people management is a model that allows us to integrate our processes and includes continuous education, career management, quality of life, management of our organizational culture and well-being and human resources services, among others.

Our compensation policy is linked to our employees' careers and salary plan set out in accordance with our competency management model and with the remuneration standards in our market sector. We have a profit-sharing program, through which we establish indicators and targets for our employees in order to encourage our employees to achieve corporate objectives and assess their performance.

In order to identify the training needs of our employees and establish training and development plans, we maintain the Sabesp Corporate University (*Universidade Empresarial Sabesp* – "UES"). In its planning, UES includes the necessary training for technical responsibilities to ensure the company's operational efficiency, mandatory courses in accordance with current legislation, competency development programs, and leadership development aimed at promoting a culture of innovative leadership that leads to actions focused on establishing a new organizational culture, with a greater focus on results, innovation, and competitiveness. In addition, to develop and stimulate the culture of innovation and entrepreneurship through the generation and sharing of employee ideas, we hold the Sabesp entrepreneur award from time to time.

As of December 31, 2024, we had 10,512 full-time employees (disregarding the 36 employees working for labor unions and the 4 employees working for a Sociedade de Propósito Específico ("SPE")), no interns and 397 apprentices (*aprendizes*), as defined by Federal Law No. 10,097/2000, as amended.

The following table sets forth the number of our full-time employees by main category of activity and geographic location as of the dates indicated:

	As of December 31,		
	2024	**2023**	**2022**
Number of employees by category of activity:			
Projects and operations	7,484	7,455	9,037
Administration	1,832	2,005	1,906
Finance	174	216	362
Marketing	1,022	1,493	995
Number of employees by corporate division:			
Head office	871	687	1,426
São Paulo metropolitan region	5,163	5,651	5,586
Interior and coastal region	4,478	4,832	5,287
Total number of employees	10,512	**11,170**	**12,299**

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The average tenure of our employees is approximately 21.9 years. We believe that our relations with our employees are generally satisfactory.

Approximately 58% of all our employees are members of unions, although all our employees are covered by the collective bargaining agreements of the union that represents them. The five main unions that represent our employees are (i) the Union of Workers in Water, Sewage and Environment of the State of São Paulo ("Sintaema"); (ii) the Union of Workers in Santos Urban Industries, Baixada Santista region, South Coast and Vale Ribeira; (iii) the Union of Engineers of the State of São Paulo; (iv) the Union of Attorneys of the State of São Paulo; and (v) the Union of Industrial Technicians of the State of São Paulo.

In 2024, a collective labor agreement was signed, effective until April 2026 (save for its economic clauses, which are still under negotiation) resulting in: (i) a salary increase of 2.77% (corresponding to the adjustment for inflation during the period); (ii) a 2.77% increase in meal vouchers; (iii) a 2.77% increase in food assistance; (iv) a 2.77% increase in childcare assistance; (v) continuation of the provision from the 2023/2024 collective labor agreement that guarantees employment for 98% of our employees; and (vi) maintenance of the Christmas food allowance on an exceptional basis.

The collective bargaining agreement signed in 2023, in force until April 2024, resulted in: (i) a salary increase of 4.52% (which corresponds to the inflation adjustment for the period); (ii) a 4.52% increase in meal vouchers; (iii) a 4.52%% increase in food assistance; (iv) a 4.52% increase in nursery stipends; (v) maintenance of the clause from the 2022/2023 collective bargaining agreement which guarantees the employment of 98% of our employees; and (vi) maintenance of the Christmas food stipend on an exceptional basis.

The collective bargaining agreement signed in 2022 resulted in: (i) a salary increase of 12.26% (which corresponds to the inflation adjustment for the period); (ii) a 12.26% increase in meal vouchers; (iii) a 12.26% increase in food assistance; (iv) a 12.26% increase in nursery stipends; (v) maintenance of the clause from the 2021/2022 collective bargaining agreement which guarantees the employment of 98% of our employees; and (vi) maintenance of the Christmas food stipend on an exceptional basis.

In 2023, in order to streamline our operations, we launched a voluntary dismissal program ("IDP") to gradually reduce the number of employees in accordance with our budgetary resources. This program allowed us to pass on

knowledge, preventing our activities from being disrupted. A total of 1,854 employees joined the IDP, and as of December 31, 2023, 954 of our employees left the company. The IDP accounted for 81% of our dismissals for the year ended December 31, 2023, and the remainder were part of our normal course of business. In 2024, 916 employees left the company under the IDP. We also launched a new voluntary dismissal program in December 2024, which, by the end of the registration period on December 31, 2023, had 2,039 employees enrolled. The dismissals will take place from February to July 2025.

In addition, as provided for in State Law No. 17,853/2023, we cannot terminate without cause any of our direct employees for a period of 18 months, counted from the date of the consummation of our Privatization (July 27, 2024).

In 2024 and 2022 there were no strikes. In 2023, we experienced two strikes lasting one day each, which did not interrupt the essential services that we provide. In our 50 years, there has been no record of strikes that have caused the complete interruption of our activities. This is due to the fact that water treatment and supply and sewage collection and treatment services are classified as "essential activities", which limits the right to strike in such a way that in the event a strike occurs, there must not be any interruption of essential services or activities. If the unions or employees fail to comply with this criterion, the strike becomes illegal, resulting in fines for the unions and the risk of termination for the employees involved.

To promote the health and safety of our employees, we maintain an occupational health and safety management system, which covers all our employees and is based on preventive and protective measures in order to avoid or minimize exposure of employees to the risks associated with work, as well as reducing or eliminating occupational accidents and diseases. In 2024, we recorded 103 accidents, with a frequency rate of 3.96 and a severity rate of 90. We recorded no deaths in 2024 and had no cases of employees on leave due to occupational diseases. The absenteeism rate recorded was 4.8%.

Profit Sharing and Pension Plans

We have established a pension and benefit fund to provide our employees with retirement and pension benefits. The plans of employees who joined up to December 1, 2019, are managed by *Fundação SABESP de Seguridade Social* ("SABESPREV"), and new employees joining from January 1, 2020, are managed by *Fundação CESP*, both closed supplementary pension entities in self-management mode. This pension plan provides benefit payments to former employees and their families. Both we and our employees make contributions. Our ordinary contributions to the pension plan totaled R$39.7 million, R$40.9 million and R$39.4 million in the years ended December 31, 2024, 2023 and 2022, respectively. In addition to the pension plan under SABESPREV and *Fundação CESP*, we are also required to pay supplemental pension payments relating to the employment contract of certain employees prior to the creation of SABESP, which we called a plan G0. Based on independent actuarial reports, as of December 31, 2024, our obligation under these both plans (G0 and G1) totaled R$1,931.1 million. For more information on our pension plans, see Note 24 to our 2024 Consolidated Financial Statements included in this annual report.

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Beginning in 2020, payments under the profit-sharing plan were based both on general goals that evaluate us as a whole and on other goals that evaluate the performance our different business units. Payments are proportionally reduced annually if the goals are not completely achieved.

We recorded profit-sharing expenses of R$181.4 million, R$97.5 million and R$96.2 million in the years ended December 31, 2024, 2023 and 2022, respectively. We do not have a stock-option plan for our employees.

E.Share Ownership

As of December 31, 2024, less than 1% of our common shares were owned by our directors, members of our Fiscal Council and officers. For more information, see "Item 7.A. Major Shareholder."

F.Disclosure of a registrant's action to recover erroneously awarded compensation

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholder

As of the date of this annual report, our outstanding capital stock consists of 683,509,868 common shares, without par value, and one special class preferred share (Golden Share) owned by the State of São Paulo. Generally, all of our shareholders, including the State, have the same voting rights. However, the State of São Paulo, due to its ownership of the Golden Share, has veto power over proposed changes to: (i) our name and headquarters; (ii) our corporate purpose of providing water and sewage services; and (iii) any provisions in our bylaws regarding limits on the exercise of voting rights attributed to shareholders or groups of shareholders. As of December 31, 2024, our subscribed and paid-in capital, totaling R$15,000,000, was composed of registered, book-entry shares with no par value, as follows:

December 31, 2024	Common		Preferred		Total Capital	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
São Paulo State	123,036,669[(1)]	18.0	1[(2)]	100.0	123,036,670	18.0
Equatorial S.A.	102,526,480	15.0	-	-	102,526,480	15.0
Free Float	457,946,719	67.0	-	-	457,946,719	67.0
Total	683,509,868	100.0	1[(2)]	100.0	683,509,869	100.0

(1) Considers 123,036,663 common shares held by the São Paulo State Treasury Department and six common shares held by Cia. Paulista de Parcerias – CPP, a company controlled by the São Paulo State.

(2) Special class preferred share.

In the U.S., our common shares, which are evidenced by ADRs, are listed in the form of ADSs on the NYSE. As of December 31, 2024, 10.5% of our outstanding common shares were held in the United States in the form of ADSs. According to the ADR Depositary's records, which contain information regarding the ownership of our ADSs, there were, as of December 31, 2024, 21 recorded holders of ADSs in the United States.

B. Related Party Transactions

Transactions with the State of São Paulo

We have entered into extensive transactions with the State of São Paulo, which was our controlling shareholder, and we expect to continue to do so, including:

- **Rendering services**: we provide water and sewage services to the federal government, state and municipal governments and government entities in the ordinary course of our business. Gross revenue from sales to the State of São Paulo, including State of São Paulo entities, totaled R$891.3 million for the year ended December 31, 2024, R$776.0 million for the year ended December 31, 2023 and R$622.0 million for the year ended December 31, 2022. Our accounts receivable from the State of São Paulo for sanitation services totaled R$123.1 million, R$120.4 million and R$96.7 million, as of December 31, 2024, 2023 and 2022, respectively.
- **Payment of pensions**: pursuant to a law enacted by the State of São Paulo, certain former employees of some state-owned companies that provided services to us in the past and later merged to form our company acquired a legal right to receive supplemental pension benefit payments. These rights are referred to as "Plan G0." These amounts are paid by us, on behalf of the State of São Paulo, and are claimed by us as reimbursements from the State, as primary obligor. In the years ended December 31, 2024, 2023 and 2022, we made payments to former employees of R$178,9.0 million, R$189.7 million and R$186.7 million, respectively.

Government Guarantees of Financing

The São Paulo State, as our former Controlling shareholder, provided guarantees for some of our borrowings and financing in the past and does not charge any related fees. For additional information, see Note 18 of our Consolidated Statements.

Use of Reservoirs

Empresa Metropolitana de Águas e Energia S.A. ("EMAE") planned to receive credit and secure financial compensation for alleged past and future losses in electricity generation due to water collection. Additionally, we sought

compensation for costs already incurred and those to be incurred for the operation, maintenance, and inspection of the Guarapiranga and Billings reservoirs utilised in our operations.

EMAE has a concession to produce hydroelectric energy using water from the same reservoirs. EMAE commenced various lawsuits against us in the past seeking compensation for the water we withdraw from these reservoirs. Those lawsuits have now been settled by way of an agreement between EMAE and us.

As of October 28, 2016, we entered into a settlement agreement to settle the disputes fully and completely. We will continue using the reservoirs. The settlement agreement settled the compensation arrangements between EMAE and our company. It requires us to pay the following amounts to EMAE:

- R$46.3 million, plus inflation adjustments indexed to the IPCA index, payable in five annual installments from April 2017 through April 2022, plus
- R$6.6 million, plus inflation adjustments indexed to the IPCA index, payable in 25 annual installments from October 2017 through October 2042.

As of December 31, 2024, the balance of the agreement totaled R$9.4 million and R$104.5 million (R$8.9 million and R$99.3 million as of December 31, 2023), recorded in Other Liabilities, under current and noncurrent liabilities, respectively.

As of August 2, 2024, the São Paulo State Government completed the sale of its equity interest in EMAE, which has not been considered a related party to us since that date.

Agreements with Lower Tariffs

We have entered into agreements with public entities, including State of São Paulo entities and municipalities. Under these agreements, these public entities pay a different tariff which is approximately 25.0% lower than the tariff that applies for the public entities that have not entered into these agreements, provided such entities implement PURA, which has a fixed target for reduction or maintenance of water consumption, according to technical evaluations carried out by us. These agreements are valid for a 12-month term with automatic renewal for equal periods. Pursuant to the terms of these agreements, if these entities fail to make any payment on a timely basis to us, we have the right to cancel the agreement, thereby revoking the 25.0% tariff reduction.

Personnel Assignment Agreement among Entities Related to the State Government

We had personnel assignment agreements with entities related to the State of São Paulo government, under which the expenses were fully passed on and monetarily reimbursed. The expenses related to personnel assigned by us to other State of São Paulo government entities in the years ended December 31, 2024, 2023 and 2022 amounted to R$5.7 million, R$8.2 million and R$0.8 million, respectively.

In the years ended December 31, 2024, 2023 and 2022, we did not incur any expenses related to personnel assigned by other entities.

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Non-operating Assets

As of December 31, 2024 and 2023, we had an amount of R$3.6 million related to a land and lending structures.

Transactions with SABESPREV Pension Fund

SABESPREV is a pension fund we established to provide our employees with retirement and pension benefits. The assets of SABESPREV are independently held, but we nominate 50.0% of SABESPREV's Board of Directors, including the chairman of the board, who has the deciding vote pursuant to the applicable legislation. Both we and our employees make contributions to SABESPREV pension plans. We contributed R$26.2 million, R$27.4 million and R$25.4 million in the years ended December 31, 2024, 2023 and 2022, respectively.

Compensation of Management

As a result of our Privatization, we no longer have a controlling shareholder. Prior to our Privatization, the compensation paid by us to the members of our Board of Directors, Board of Executive Officers and Fiscal Council elected by our former controlling shareholder was R$8.6 million and R$6.2 million in the years ended December 31, 2023 and 2022, respectively, and it refers to salaries and other short-term benefits management.

For more information on management compensation, see "Item 6.B. Directors and Senior Management—Compensation."

Loan agreement through credit facility

We have extended loans to Águas de Andradina S/A and Sabesp Olímpia S/A. The loan to Águas de Andradina S/A, signed on August 17, 2021, has a principal and interest balance of R$4.0 million, as of December 31, 2024 and is intended to support their operational financing needs.

The loan extended to Sabesp Olímpia S/A, signed on September 26, 2023, has a principal and interest balance of R$2.9 million and R$86.0 million, respectively, as of December 31, 2024 and is intended to pay the installments of the Fixed Grant to the Municipality of the Olímpia, which was condition precedent for signing the water and sewage concession agreement.

For more information, see Note 11(i) to our 2024 Consolidated Financial Statements included in this annual report.

FEHIDRO

In April 2021, we entered into three financing agreements under the State Fund for Water Resources (FEHIDRO). The funds are aimed at the execution of works and sewage services in the municipalities of São Paulo, Itapecerica da Serra and Vargem Grande Paulista. The investment totaled R$10.8 million, R$8.7 million of which, or 80% of the total, are financed by FEHIDRO and R$2.1 million, or 20% of the total, will be financed by us. The financing interest rate is 3.00% p.a., with a total term of 59 months, 18 months of which corresponds to the grace period, and 41 months to amortization.

As of December 31, 2024, the balance of these financings totaled R$ 2.8 million, compared to R$1.3 million as of December 31, 2023.

Equatorial S.A.

In July 2024, Equatorial S.A. acquired shares representing 15% (fifteen percent) of our share capital. In December 2024, Equatorial S.A. merged into its subsidiary, becoming the direct holder of the equity stake. As of December 31, 2024, the balance of dividends and interest on capital payable was R$ 341,272.

For more information on our related party transactions, see Note 11 to our 2024 Consolidated Financial Statements included in this annual report.

C.Interests of Experts and Counsel

Not applicable.

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ITEM 8. FINANCIAL INFORMATION

A.Consolidated Financial Statements and Other Financial Information

For more information, see “Item 18. Consolidated Financial Statements.”

Legal Proceedings

We are currently subject to several legal proceedings relating to civil (including customer and supplier), tax, labor, corporate and environmental issues arising in the normal course of our business. These claims involve substantial amounts of money and other remedies. As of December 31, 2024, the total estimated amount of claims related to our legal proceedings was R$167.7 billion (net of R$24.6 million in court deposits), including contingent liabilities and remote loss contingencies. Several individual disputes account for a significant part of the total amount of claims against us.

We recognized provisions for all amounts in dispute that represent a present obligation as a result of a past event and where it is probable that there will be an outflow to settle this obligation in the view of our legal advisors and in light of precedents that cover laws, administrative decrees, decrees or court rulings that have proven to be unfavorable. As of December 31, 2024, the total amount of accrued provisions for claims with a probable likelihood of loss was R$2.4 billion (net of R$28.5 million in court deposits). As of December 31, 2024, claims classified as contingent liabilities amounted to R$22.2 billion, of which R$9.6 billion relate to claims where we classified the risk of loss as possible and R$12.6 billion relate to claims where we classified the risk of loss as remote. In our financial statements, we only disclose information about contingent liabilities we classified as possible loss and do not record or disclose

information related to remote contingencies. See also "Item 3.D. Key Information—Risk Factors—Risks Relating to our Business—Any substantial monetary judgment against us or any of our directors and officers in legal proceedings may have a material adverse effect on our reputation, business or operating or financial condition and/or results" for further information on this matter.

The table below sets out our provisions and escrow deposits per type of claim as of December 31, 2024:

Types of Claims	Provisions for probable claims	Escrow deposits	Provisions net of deposits
		(*in millions of reais*)	
Customer claims	149.8	(11.3)	138.5
Supplier claims	235.7	(0.1)	235.6
Other civil claims	174.2	(1.4)	172.8
Tax claims	176.4	(2.4)	174.0
Labor claims	1,077.1	(13.2)	1,063.9
Environmental claims	657.0	(0.1)	656.9
Total	**2,470.2**	**(28.5)**	**2,441.7**

Civil Claims (including Customer and Supplier Claims)

Our civil, customer and supplier claims refer mainly to (i) indemnities for material damage, moral damage, and loss of profits allegedly caused to third parties, such as through vehicle accidents, insurance claims, challenges on the tariff billing method, among others, filed at different court levels; (ii) challenge of the tariffs. In those lawsuits, customers claim that their tariffs should be equal to those of other consumer categories, or claim for the reduction of sewage tariff due to system losses, consequently requiring the refund of amounts charged by us, or claim for the reduction of tariffs for being eligible to be in the Residential Social or Residential Vulnerable categories; and (iii) monetary adjustment updates and claims regarding economic-financial imbalance in contracts filed by certain suppliers. As of the date of this annual report, these cases are in progress in various judicial instances.

As of December 31, 2024, our provisions for civil claims (including customer and supplier claims), net of judicial deposits, amounted to R$546.9 million, of which R$138.5 million related to customer claims, R$235.6 million related to supplier claims and R$172.8 million related to other civil claims, as set out in the table above and as further detailed in Note 22 to our 2024 Consolidated Financial Statements.

As of December 31, 2024, the main civil claims we were a party to are described below:

- **Lawsuit No. 0009597-63.2002.8.26.0053 filed by us**: We filed a lawsuit against Concessionária Ecovias dos Imigrantes S.A. requesting to access certain areas necessary to implement sanitation works along the highways of Anchieta – Imigrantes system, free of charge and based on a concession agreement. If an unfavorable judgement is rendered against us, we may be financially impacted, since we will need to start making payments to Concessionária Ecovias dos Imigrantes S.A. for the use of these areas. As of the date of this annual report, our appeal to the STF was granted, and a motion for clarification, filed by Concessionária Ecovias dos Imigrantes S.A., is awaiting trial. our appeal to the STF has been granted, and a motion for clarification filed by Concessionária Ecovias dos Imigrantes S.A. was rejected. As of December 31, 2024, we were unable to assess the amount involved in this lawsuit but assess the risk of loss as possible.

- **Lawsuit No. 0017957-69.2004.8.26.0100 filed by Etesco Construções e Comércio Ltda.**: Etesco Construções e Comércio Ltda. filed a claim against us, claiming breach of contract and payment of losses and damages. The lawsuit was now converted to a special appeal, which as of the date of this annual report is pending of judgement. As of December 31, 2024, the amount involved in this lawsuit was R$501.5 million and we assess the risk of loss as remote.
- **Public Civil Action No. 1064120-94.2021.8.26.0100 filed by the Public Prosecutor's Office**: The Public Prosecutor's Office filed a public civil action against us, asking us to stop charging the minimum consumption tariff to multiple units when there is only one water meter in the property. This action has been suspended in the first instance due to the revision of the STJ's Theme 414/STJ (Tema 414/STJ) (special

appeal No. 1.937.891). As of December 31, 2024, we were unable to assess the amount involved in this lawsuit but assess the risk of loss as possible.

- **Public Civil Action No. 1113127-60.2018.8.26.0100 filed by the Association for the Defense of Consumer Rights ("Assecivil")**: Assecivil filed a public civil action against us, seeking for us and others to stop charging the contingency tariff and, as a result, to refund any amounts allegedly overcharged, among others. Assecivil filed an appeal, which was denied. Following this decision, Assecivil filed an appeal to the STF, which, as of the date of this annual report, remains pending of judgment. As of December 31, 2024, we were unable to determine the amount involved in this lawsuit but assess the risk of loss as remote.

Tax Claims

Tax claims refer mainly to issues related to tax collections and fines in general which are being challenged due to disagreements regarding notification or differences in the interpretation of legislation by our management. As of December 31, 2024, our provision for tax claims, net of judicial deposits, amounted to R$174.0 million, as set out in the table above and as further detailed in Note 22 to our 2024 Consolidated Financial Statements.

As of December 31, 2024, the main tax claims we were a party to are described below:

- **Tax Foreclosure No. 0045219-11.1100.8.26.0090 filed by the Municipality of São Paulo (Prefeitura de São Paulo)**: The Municipality of São Paulo (*Prefeitura de São Paulo*) filed a tax foreclosure against us, requesting us to pay unpaid ISS for sewage services, as well as penalties for the failure to comply with certain obligations during the period between January 2003 and May 2006. This tax foreclosure remains suspended as of the date of this annual report. As of December 31, 2024, the amount involved in this tax foreclosure was R$906.6 million and we assess the risk of loss as remote.

- **Administrative Infraction Notice No. 19515003023200606 filed by the Brazilian Federal Tax Revenue**: The Brazilian Federal Tax Revenue issued an administrative infraction notice against us for alleged non-compliance with the legislation on corporate income tax, social contribution on net income, withholding income tax and tax on industrialized products in 2001. As of the date of this annual report, the case is awaiting trial before the Administrative Tax Appeals Council (*Conselho Administrativo de Recursos Fiscais*). As of December 31, 2024, in respect of this lawsuit we assess the risk of loss as (i) remote for R$539.7 million; and (ii) probable for R$65.4 million.

Labor Claims

We are a party to several labor claims, involving issues such as overtime, shift schedules, additional payment due to unhealthy and hazardous work conditions, prior notice, change of function, salary equalization, service outsourcing and other, which are at various court levels. In addition, there are currently approximately 500 individual claims questioning the legality of our salary and position plan due to the absence of seniority-based promotion criteria. All of these lawsuits are in the initial phase, and we assess the risk of loss as possible. As of December 31, 2024, our total provision for labor claims, net of judicial deposits, amounted to R$1,063.9 million, as set out in the table above and as further detailed in Note 22 to our 2024 Consolidated Financial Statements included in this annual report.

As of December 31, 2024, the main labor claims we were a party to are described below:

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- **Public Civil Action No. 0066100-26.2009.5.02.0038 filed by *Sindicato dos Engenheiros no Estado de São Paulo* (SEESP)**: SEESP filed a public civil action against us, seeking, (i) the suspension of all dismissals without cause resulting from the Conduct Adjustment Agreement entered by us with the Labor Public Prosecutor's Office (TAC); (ii) the annulment of the TAC; (iii) the immediate reinstatement of employees dismissed as from April 1, 2009, with the payment of salaries and other rights; (iv) for us to refrain from dismissing without cause any employee who already retired and those who will retire under the Brazilian national social security institute (INSS); and (v) payment of a fine to the worker support fund (*Fundo de Amparo ao Trabalhador*), in case of non-compliance with obligations. The lawsuit was dismissed. SEESP filed an ordinary appeal, which was rejected by the regional labor court. In addition, the regional labor court ruled that the lawsuit should be dismissed on the grounds that the union had no interest in acting. SEESP filed a review appeal, which was rejected by the regional labor court and, subsequently, SEESP filed an interlocutory appeal, which is pending judgment before the superior labor court. As of December 31, 2024, we assess the risk of loss as possible.

- **Public Civil Action No. 0000025-14.2015.5.02.0064 filed by the Labor Public Prosecutor's Office**: The Labor Public Prosecutor's Office filed a public civil action against us, seeking for us to refrain from outsourcing essential services and activities and, in the event of non-compliance with such obligation, payment of daily fines. The verdict upheld the lawsuit and ordered us not to execute any new contracts for outsourcing services for its essential final activities, subject to a fine penalty of R$5,000, as well as collective damages set at R$250,000 in case of non-compliance. We filed an ordinary appeal, which was upheld by a

ruling declaring that the Labor Court had no jurisdiction to hear the matter. The Labor Prosecutor's Office filed a review appeal, which was denied, giving rise to the filing of an interlocutory appeal, which is still pending of judgment.

- **Public Civil Action No. 0060800-58.2006.5.02.0048 filed by the Associação dos Aposentados e Pensionistas da Sabesp (AAPS)**: The AAPS filed a public civil action against us, seeking for us to reclassify the retirees and pensioners based on our new workforce structure and pay the benefits applicable to retirees and pensioners following such new structure. Although the lawsuit has not yet reached a final decision, AAPS has begun provisional enforcement of the lawsuit, in order to guarantee the credit of all 2,873 members in a single lawsuit. The Superior Labor Court (TST) ruled in favor of AAPS and we appealed this decision to the STF, including the decision that AAPS can proceed with the enforcement upon presentation of powers of attorney in favor of each attorney. As of the date of this annual report, all executions are suspended, with no calculation approval. The main case has not yet become final, with the judgment of the appeals pending at the TST to attempt to unblock the extraordinary appeal at the STF. In the executions, the decision remains that imposed on AAPS the need to regularize the legal representation for each represented party. As of December 31, 2024, we recorded a provision of R$776.2 million for the part of the lawsuit for which we assess the risk of loss as probable. We assessed the risk of loss for the remainder as remote in the amount of R$888.3 million.

- **Collective Labor Action No. 1000863-10.2021.5.02.0005 filed by Sintaema**: Sintaema filed a collective labor action against us, requesting us to pay the defendants (managers) the difference between the payments received and the highest amount paid to a worker who performs the same function (paradigm). The action was dismissed without resolution on the merits; however, in an appeal to the TST, it ordered the return of the case to the lower court so that the Sintaema's claim could be analyzed. In a new first-instance judgment, the ruling was favorable to us. As of the date of this annual report, Sintaema appealed the first-instance decision and the appeal was partially granted only to remove the condemnation of Sintaema for the payment of court fees and attorney's fees, with the rest of the ruling being upheld. In January 2025, Sintaema filed a review appeal, which is pending judgment by the TST. As of December 31, 2024, the amount involved in this action was R$1.5 billion and we assess the risk of loss as remote.

Labor Conduct Adjustment Agreement

We signed a Conduct Adjustment Agreement with the Labor Prosecutor's Office, represented by the Regional Labor Prosecutor's Office of São Paulo, on March 11, 2003, following an investigation concerning fatal accidents involving certain employees of contractors and subcontractors hired by us. Under the Conduct Adjustment Agreement, we assumed various obligations relating to our compliance with workplace health and safety standards and may be subject to fines of R$1,000 per day and per worker found in a non-compliant situation. The Conduct Adjustment Agreement is in effect for an indefinite period and, as of the date of this interim report, we are in compliance with our undertaken obligations and have never been fined or penalized for non-compliance.

Environmental Claims

We are subject to administrative and judicial environmental claims, including claims initiated by CETESB, the State of São Paulo Public Prosecutor Office and non-governmental organizations. As of December 31, 2024, our provision for environmental claims, net of judicial deposits, amounted to R$656.9 million, as set out in the table above and as further detailed in Note 22 to our 2024 Consolidated Financial Statements included in this annual report.

These claims result from alleged environmental damage and relief sought against us including, but is not limited to: (i) cessation of the release of raw sewage into certain local bodies of water; (ii) remedies, in some cases, for environmental damages that have not yet been specified and evaluated by the court's technical experts; (iii) requirements to install and operate sewage treatment facilities in locations referred to in the civil public actions; and (iv) imposition of a limit on water extracted from the water springs most affected by the water crisis. In certain cases, we are subject to daily fines for non-compliance. In our response to these claims, we note that the installation and operation of sewage treatment facilities in locations referred to in the civil public actions is included in our investment plan. There have already been unfavorable judicial decisions against us and their effects may include: (i) early execution of works or services that were considered for execution in future years in our long-term investment plan; (ii) payments related to environmental indemnification and/or recovery; and (iii) a negative impact on our image in national and international markets and in public bodies.

As of December 31, 2024, the main environmental claims we are party to are described below:

- **Public Civil Action No. 1000060-22.2015.8.26.0198 filed by the Public Prosecutor's Office of the State of São Paulo**: The Public Prosecutor's Office of the State of São Paulo filed a lawsuit against us, claiming, among others: (i) the cessation of sewage discharge; (ii) the comprehensive promotion of the collection and treatment of domestic and industrial sewage generated in the municipality; and (iii) the compensation resulting from environmental and public health damages. As of the date of this annual report, this action is in

partial phase. As of December 31, 2024, the amount involved in this lawsuit was R$996.9 million and we assess the risk of loss as possible.

- **Public Civil Action No. 1006803-16.2017.8.26.0477 filed by the Public Prosecutor's Office of the State of São Paulo**: The Public Prosecutor's Office of the State of São Paulo filed a lawsuit against us, seeking us, in an urgent provisional injunction, under penalty of daily fine, to: (i) submit to the Court and CETESB a detailed schedule outlining the dates of treatment of the subsystems of Praia Grande; and (ii) commence operation of primary treatment units in Praia Grande and prevent discharge of untreated sewage, among others. As of the date of this annual report, this action is in the expert evidence phase (*prova pericial*). As of December 31, 2024, the amount involved in this lawsuit was R$918.1 million and we assess the risk of loss as possible.

- **Public Civil Action No. 0008961-48.2009.8.26.0281 filed by the Public Prosecutor's Office of the State of São Paulo**: The Public Prosecutor's Office of the State of São Paulo filed a lawsuit against us and others, requesting us to: (i) restore the primitive conditions of the soil, water bodies, both surface and underground, and vegetation, degraded by the discharge of sewage in non-compliance with environmental standards; (ii) cease releasing untreated sewage into the environment in Itatiba; and (iii) pay compensation to the material damage caused to the soil, water resources and other surface and underground water bodies, as well as moral damages. As of the date of this annual report, the action is pending judgement of the appeal and is suspended due to ongoing negotiations for a settlement to close the case. As of December 31, 2024, the amount involved in this lawsuit was R$503.6 million and we assess the risk of loss as possible.

- **Public Civil Action No. 5014844-77.2020.4.03.6100 filed by us**: We filed a lawsuit against the Instituto Chico Mendes de Conservação da Biodiversidade challenging an unfounded demand in their authorization for the Atibainha/Jaguari reservoirs' interconnection work. As of the date of this annual report, the action is awaiting trial. As of December 31, 2024, the amount involved in this lawsuit was R$0.1 million and we assess the risk of loss as possible.

- **Public Civil Action No. 5001853-26.2021.4.03.6103 filed by the Federal Prosecutor's Office (MPF)**: The MPF filed a lawsuit against us, demanding compliance with the ICMBio authorization for the Atibainha/Jaguari interconnection work. As of the date of this annual report, the action is awaiting a court order. As of December 31, 2024, the amount involved in this lawsuit was R$12 thousand and we assess the risk of loss as possible.

- **Public Civil Action No. 0009222-95.2014.8.26.0197 filed by the Public Prosecutor's Office of the State of São Paulo**: The Public Prosecutor's Office of the State of São Paulo filed a lawsuit against us and the municipality of Francisco Morato, among others, requesting us to: (i) comply with certain obligations in connection with the municipality of Francisco Morato and its river basin; (ii) indemnify as a result of environmental damages; and (iii) pay daily fines. As of the date of this annual report, this action remains suspended due to settlement negotiations. As of December 31, 2024, the amount involved in this lawsuit was R$909.8 million and we assess the risk of loss as possible.

Other Legal Proceedings

Legal Claims Related to our Privatization

The model and other aspects of our Proposed Privatization, such as the legislative proceeding that resulted in the enactment of Law No. 17,853/2023 by the State of São Paulo, could be challenged by regulatory bodies, consumer groups or suspended by the Brazilian courts. As of the date of this annual report, there are ongoing claims challenging in court certain aspects of our Proposed Privatization.

As of the date of this annual report, the most relevant claims questioning our Privatization are:

- **Class Action No. 1050302-17.2024.8.26.0053**: Mario Maurici de Lima Morais, Francisco Daniel Celeguim de Morais, and Helio Rodrigues de Andrade filed an action seeking a preliminary injunction to suspend the effects of Concession Contract No. 1/2024, executed on May 24, 2024, between us and the Municipality of São Paulo (represented by URAE-1). The plaintiffs also seek a final ruling declaring the nullity of the contract. As of the date of this annual report, the case was awaiting a decision on the preliminary injunction and/or the determination of whether the action had lost its object.

- **Labor Public Civil Action No. 1001846-34.2023.5.02.0071**: The National Federation of Workers in Companies for Power Generation, Transmission and Distribution, Data Transmission via Power Grid, Electric Vehicle Supply, Water Treatment, and Environmental Services filed a labor public civil action seeking the immediate suspension of all acts or procedures related to our privatization until a study is presented on the socioeconomic impacts on labor relations, including existing employment contracts

and vested rights. The injunction was denied, and the action was dismissed. Dissatisfied with the ruling, the plaintiff filed an ordinary appeal, which as of the date of this annual report is pending judgment.

Explanatory Notes

For a further discussion of ongoing litigation involving us see Note 22 to our 2024 Consolidated Financial Statements.

Dividends and Dividend Policy

Amounts Available for Distribution

At each annual shareholders' meeting, the Board of Directors is required to recommend the allocation of net profits for the preceding fiscal year. For the purposes of Brazilian Corporate Law, net profits are defined as net income after income tax and social contribution tax for such fiscal year, net of any accumulated losses from prior fiscal years and any amounts allocated to employees' and management's participation in our profits. In accordance with Brazilian Corporate Law, the amounts available for dividend distribution are the amounts equal to half of the net profit as increased or reduced by:

- the amount intended to form the legal reserve; and
- the amount intended to form the reserves for contingencies and any written-off amounts of the same reserves formed in previous fiscal years.

We are required to maintain a legal reserve, to which we must allocate 5.0% of net profits for each fiscal year until the amount for such reserve equals 20.0% of our paid-in capital. However, we are not required to make any allocations to our legal reserve in respect of any fiscal year in which the aggregate amount of the legal reserve plus our other established capital reserves exceeds 30.0% of our capital. Net losses, if any, may be offset against the legal reserve. The legal reserve is subject to approval by the shareholders at our annual shareholders' meeting, which must also resolve on its allocation, in accordance with the limits and parameters set forth in Brazilian Corporate Law. The legal reserve may only be used to offset losses or to increase capital. As of December 31, 2024, 2023 and 2022 the balance of our legal reserve was R$2,343.6 million, R$1,864.6 million and R$1,688.4 million, respectively, which was equal to 15.6%, 12.4% and 11.3%, respectively, of our capital.

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Brazilian Corporate Law also provides for two discretionary allocations of net profits that are subject to approval by the shareholders at each annual shareholders' meeting. First, a percentage of net profits may be allocated to a contingency reserve for anticipated losses that are deemed probable in future years. Any amount so allocated in a prior year must be either reversed in the fiscal year in which the loss was anticipated if such loss does not in fact occur, or written off in the event that the anticipated loss occurs. Second, if the mandatory distributable amount exceeds the sum of realized net profits in any given year, such excess may be allocated to an unrealized revenue reserve. Under Brazilian Corporate Law, realized net profits is defined as the amount of net profits that exceeds the net positive result of equity adjustments and profits or revenues from operations with financial results after the end of the next succeeding fiscal year.

Under Brazilian Corporate Law, any company may authorize the creation of a discretionary reserve in its bylaws. Bylaws which authorize the allocation of a percentage of a company's net income to the discretionary reserve must also indicate the purpose, criteria for allocation and maximum amount of the reserve. We may also allocate a portion of our net profits for discretionary allocations for plan expansion and other capital investment projects, the amount of which would be based on a capital budget previously presented by management and approved by our shareholders, being capital budgets of more than one year subject to review at each annual shareholders' meeting. After completion of the relevant capital projects, we may retain the allocation until the shareholders vote to transfer all or a portion of the reserve to capital or retained earnings. As of December 31, 2024, 2023 and 2022 we had an investment reserve of R$19,304.1 million, R$12,753.4 million and R$10,390.5 million, respectively.

The amounts available for distribution may be further increased by a reversion of the contingency reserve for anticipated losses constituted in prior years but not realized. The amounts available for distribution are determined on the basis of our Consolidated Financial Statements prepared in accordance with BR GAAP.

The legal reserve is subject to approval by the shareholder vote at our annual shareholders' meeting and may be transferred to capital but is not available for the payment of dividends in subsequent years.

Mandatory Distribution

Brazilian Corporate Law generally requires that the bylaws of each Brazilian corporation specify a minimum percentage of the amounts available for distribution by such corporation for each fiscal year that must be distributed to shareholders as dividends, also known as the mandatory distributable amount. Under our bylaws, the mandatory

distributable amount has been fixed at an amount equal to not less than 25.0% of the amounts available for distribution, to the extent amounts are available for distribution at the end of each given fiscal year.

The mandatory distribution is based on a percentage of adjusted net income, not lower than 25.0%, rather than a fixed monetary amount per share. Brazilian Corporate Law, however, permits a publicly held company, such as us, to suspend the mandatory distribution if the Board of Directors and the Fiscal Council report to the shareholders' meeting that the distribution would be inadvisable in view of our financial condition. The suspension is subject to the approval of holders of common shares. In this case, the Board of Directors must file a justification for such suspension with the CVM. Profits not distributed by virtue of the suspension mentioned above shall be attributed to a special reserve and, if not absorbed by subsequent losses, must be paid as dividends as soon as the financial condition of such company permits such payments.

Payment of Dividends

We are required by Brazilian Corporate Law and our bylaws to hold an annual shareholders' meeting by the fourth month after the end of each fiscal year at which an annual dividend may be declared. The decision to distribute annual dividends is based on the Consolidated Financial Statements prepared for the relevant fiscal year. Under Brazilian Corporate Law, dividends are generally paid within 60 days following the date the dividend was declared, unless a resolution sets forth another date for payment, which, in either case, must occur prior to the end of the fiscal year in which the dividend was declared. Dividends do not accrue interest, and a shareholder has a three-year period from the dividend payment date to claim dividends (or interest payments on shareholders' equity as described under "—Record of Dividend Payments and Interest on Shareholders' Equity") distributed on his or her shares, after which the amount of the unclaimed dividends reverts to us. The depositary will set the currency exchange date to be used for payments to ADS holders as soon as practicable upon receipt of those payments from us.

Our bylaws allow us to pay interim dividends from preexisting and accumulated profits related to the current or preceding fiscal year or based on semi-annual or quarterly financial statements, declared either by a special shareholders' meeting or the Board of Directors, provided that the total amount of interim dividends paid in each semester from current profits does not exceed the amount of capital reserves. Our bylaws also allow the Board of Directors to pay interest on shareholders´ equity capital. The amounts paid to shareholders either as interim dividends or as interest on shareholders' equity may be considered an anticipation of the minimum mandatory dividend and is subject to ratification by the annual or special shareholders' meeting.

In general, shareholders who are not residents of Brazil must register with the Central Bank to have dividends, sales proceeds or other amounts with respect to their shares eligible to be remitted outside of Brazil. The common shares underlying our ADSs are held in Brazil by Banco Bradesco S.A., as the custodian and agent for the depositary, which is the registered owner of the common shares underlying the ADSs. Our current registrar is Banco Bradesco S.A. The depositary electronically registers the common shares underlying the ADSs with the Central Bank and, therefore, is able to have dividends, sales proceeds or other amounts with respect to these shares eligible to be remitted outside Brazil. For more information, see "Item 10.D. Exchange Controls."

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Payments of cash dividends and distributions, if any, will be made in Brazilian *reais* to the custodian on behalf of the depositary, which will then convert such proceeds into U.S. dollars and will cause such U.S. dollars to be delivered to the depositary for distribution to holders of ADSs. For more information, see "Item 10.D. Exchange Controls." Under current Brazilian law, dividends generally paid to shareholders who are not Brazilian residents, including holders of ADSs, will not be subject to Brazilian withholding income tax, except for dividends declared based on profits generated prior to December 31, 1995. For more information, see "Item 10.E. Taxation."

Subject to the conditions described in our Dividend Policy, the total amount of dividends payable to our common shareholders may reach up to (i) 50% of adjusted net income for the fiscal years ending December 31, 2026 and 2027, (ii) 75% for the years ending December 31, 2028 and 2029, and (iii) 100% from 2030 onward. These limits are subject to reduction depending on the level of the Universalization Factor, a performance indicator established in our concession agreement, as follows:

- if the Factor U equals 0, the applicable limit set above is fully available;
- if the Factor U is greater than 0 but less than or equal to 1%, the applicable limit is reduced to 80%;
- if the Factor U is greater than 1% but less than or equal to 2%, the applicable limit is reduced to 60%; and
- if the Factor U exceeds 2%, we may only distribute the minimum mandatory dividend.

The declaration of dividends in excess of the minimum mandatory dividend set out above is subject to two conditions: (i) compliance with the Universalization Factor described above, and (ii) a financial leverage ratio equal to or below three and twenty-five hundredths (3.25) as of December 31 of the applicable fiscal year.

Any proposal for dividend distribution must also consider our investment needs to meet the universalization targets set forth in the Concession Agreement, the fulfillment of our corporate purpose, our cash generation and liquidity position, and our overall financial sustainability.

We may also pay interest on shareholders' equity, in which case only the net amount, after withholding income tax, may be attributed to the minimum mandatory dividend. If we distribute dividends in excess of the minimum and choose to do so through interest on equity, the withheld tax portion may be treated as an additional dividend. Our Board of Directors are responsible for declaring interest on shareholders' equity, as well as interim and special dividends, subject to ratification by the General Shareholders' Meeting. The Board may also propose to the General Shareholders' Meeting that any remaining profits be allocated to a reserve for future investments (as provided for in our bylaws), be retained in a profit reserve based in a capital budgeting subject to annual review and/or that the unrealized profits be retained in an unrealized profits reserve, which once realized, shall be paid as dividends.

Under Brazilian Corporate Law, the payment of the minimum mandatory dividend may be suspended in any fiscal year in which our management informs the shareholders that such payment would be incompatible with our financial condition. In this case, any undistributed profits must be paid once our financial condition allows, provided they are not absorbed by losses in subsequent years. Our Fiscal Council is responsible for issuing an opinion on the management's proposal for the distribution of dividends to be submitted to the General Shareholders' Meeting. The proposal of our management for the allocation of net income, which includes the distribution of dividends, must be submitted annually to the Ordinary General Shareholders' Meeting within the first four months following the end of each fiscal year.

Unless otherwise resolved by the General Shareholders' Meeting or our Board of Directors, dividends must be paid within 60 days from the date they are declared and, in any case, within the same fiscal year. Approved dividends do not bear interest, and any dividends not claimed within three years from the payment date set by the General Shareholders' Meeting or the Board of Directors, as applicable, shall be forfeited in favor of us.

Restrictions on dividend distributions under the Basic Sanitation Law

The Concession Agreement for URAE-1 expressly prohibits the distribution of profits and dividends in the event of non-compliance with the universalization targets and schedules specified therein. In the Concession Agreement for URAE-1, a breach of the targets and schedules shall be deemed to have occurred only if such breach is previously ascertained through an administrative proceeding and confirmed by a final and binding decision issued by ARSESP.

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Pursuant to the Concession Agreement for URAE-1, the type of non-compliance with targets and schedules that gives rise to a restriction on dividend distributions must result solely from circumstances attributable to us. Such determination shall consider the performance indicators, tolerance thresholds set forth in the agreement, and, in particular, the methodology for calculating the Factor U. For the fiscal years 2024 and 2025, the Factor U shall be calculated based on all Municipalities comprising URAE-1. In 2026 and 2027, the calculation will be performed by groups of Municipalities, and as of 2028, the Universalization Factor shall be determined on a per-Municipality basis.

Investors should consider this restriction when evaluating an investment in our shares or ADSs, as the occurrence of such a contractual breach could result in a temporary suspension of dividend distributions, which may materially affect the returns associated with holding our securities.

Record of Dividend Payments and Interest on Shareholders' Equity

Brazilian corporations are permitted to distribute dividends in the form of a tax-deductible notional interest expense on shareholders' equity in accordance with Law No. 9,249/1995, as amended. The amount of tax-deductible interest that may be paid is calculated by applying the daily *pro rata* variation of the government's long-term interest rate (TJLP) on the shareholders' equity during the relevant period and cannot exceed the greater of:

- 50.0% of net income (before taking into account such distribution and any deductions for income taxes and after taking into account any deductions for social contributions on net profits) for the period in respect of which the payment is made; or
- 50.0% of earnings reserves and retained earnings.

Any payment of interest on shareholders' equity to holders of ADSs or common shares, whether or not they are Brazilian residents, is subject to Brazilian withholding income tax at the rate of 15.0% or 25.0% if the beneficiary is resident in a low tax jurisdiction (tax haven). For more information, see "Item 10.E. Taxation." The amount paid to shareholders as interest on shareholders' equity, net of any withholding tax, may be included as part of the mandatory dividends distributable amount as prescribed in Brazilian Corporate Law.

Dividends and interest on shareholders' equity over the minimum established in a company's bylaws are recognized when approved by the shareholders in the Ordinary and Extraordinary General Shareholders' Meeting. Consequently, the amount of R$2,275.1 million recognized as of December 31, 2024.

Distributions of dividends

The following table sets forth the distributions of dividends (being the minimum mandatory dividends plus complementary minimum dividends) that we made or intend to make to our shareholders in respect of our 2024, 2023 and 2022 earnings. All the amounts related to 2023 and 2022 were distributed in the form of interest on shareholders' equity. With respect to the amount related to 2024, R$718.7 million will be paid as dividends and R$1,831.1 million will be paid in the form of interest on net equity.

Year ended December 31,	**Aggregate amount proposed**	**Payment Dates**	**Payment per share**	**Payment per ADS**
	(*in millions of reais*)			(*in reais*)
2024[(1)]	2,549.8	Until June 13, 2025	3.73	3.73
2023	984.5	June 24, 2024	1.44	1.44
2022	872.2	June 26, 2023	1.28	1.28

[(1)] Voted on at our annual shareholders meeting on April 29, 2025.

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We intend to declare and pay dividends and/or interest on shareholders' equity, as required by Brazilian Corporate Law, our bylaws and our dividend policy. Our Board of Directors may declare the distribution of interest on shareholders' equity, calculated based on our semi-annual or quarterly Consolidated Financial Statements, subject to ratification by the vote of the majority of the holders of our common shares attending our annual shareholders' meeting. The proposed distribution of dividends should consider (i) the need for investments for the universalization of basic sanitation services; (ii) the achievement of our corporate purpose, as set forth in our bylaws; (iii) the cash generation and cash requirements; and (iv) our economic and financial sustainability. The amount of any distributions will depend on many factors, such as our results of operations, financial condition, cash requirements, prospects and other factors deemed relevant by our Board of Directors and shareholders. Within the context of our tax planning, we may in the future continue to determine that it is in our best interest to distribute interest on shareholders' equity.

B.Significant Changes

Other than as disclosed in this annual report, no significant change has occurred since the date of the audited Consolidated Financial Statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A.Offer and Listing Details

Market for our Common Shares

Our common shares have been listed on the B3 under the trading symbol "SBSP3" since June 4, 1997 and, starting on April 24, 2002, have been included in the *Novo Mercado* segment of that exchange.

Market of our ADSs

Our ADSs, each of which represents one of our common shares are listed on the NYSE under the trading symbol "SBS."

B.Plan of Distribution

Not applicable.

C.Markets

Trading on the Brazilian Stock Exchange

Our common shares are traded on the B3, the only Brazilian stock exchange that trades shares. The CVM and the B3 have discretionary authority to suspend trading in shares of a particular issuer under certain circumstances.

Trading on B3 is conducted every business day between 10:00 a.m. and 5:00 p.m. (São Paulo time) and occurs on the B3 electronic trading system called PUMA (*Plataforma Unificada Multiativos*). The B3 also permits trading from 5:30 p.m. to 6:00 p.m. (São Paulo time) on an online system known as the "after-market", which is connected to traditional broker dealers and brokerage firms operating on the internet. Trading during the after-market is subject to regulatory limits on price volatility and on the volume of shares transacted through internet brokers. The timeframes for negotiation above are subject to updates by the B3. Trading of securities listed on the B3, including the special listing segments known as the *Novo Mercado*, Level 1 and Level 2, may also be made outside of the traditional exchanges in the non-organized Brazilian Over the Counter, or OTC market.

The B3 settles the sale of shares two business days after they have taken place, without monetary adjustment of the purchase price. The shares are paid for and delivered through a settlement agent affiliated with the B3. The B3 performs multilateral compensation for both the financial obligations and the delivery of shares. According to the B3's regulation, financial settlement is carried out by the Central Bank's reserve transfer system. The securities are transferred by the B3's custody system. Both delivery and payment are final and irrevocable.

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Trading on the B3 is significantly less liquid than trading on the NYSE or other major exchanges in the world. Although any of the outstanding shares of a listed company may trade on the B3, in most cases fewer than half of the listed shares are actually available for trading by the public, the remainder being held by a controlling group or by government entities.

Trading on the B3 by a holder not deemed to be domiciled in Brazil for Brazilian tax and regulatory purposes, or a "non-Brazilian holder," is subject to certain limitations under Brazilian foreign investment regulations. With limited exceptions, non-Brazilian holders may trade on Brazilian stock exchanges in accordance with the requirements of Central Bank/CMN Joint Resolution No. 13/2014, which requires that securities held by non-Brazilian holders be maintained in the custody of financial institutions authorized by the Central Bank and by the CVM or in deposit accounts with financial institutions. In addition, Central Bank/CMN Joint Resolution No. 13/2014 requires non-Brazilian holders to restrict their securities trading to transactions on the B3 or qualified over-the-counter markets. With limited exceptions, non-Brazilian holders may not transfer the ownership of investments made under Central Bank/CMN Joint Resolution No. 13/2014 to other non-Brazilian holders through a private transaction. For more information, see "Item 10.E. Taxation—Brazilian Tax Considerations—Taxation of Gains" for a description of certain tax benefits extended to non-Brazilian holders who qualify under Central Bank/CMN Joint Resolution No. 13/2014.

The *Novo Mercado* Segment

Since April 24, 2002, our common shares have been listed on the *Novo Mercado* segment of the B3. The *Novo Mercado* is a listing segment designed for the trading of shares issued by companies that voluntarily undertake to abide by certain additional corporate governance practices and disclosure requirements in addition to those already required under Brazilian law. A company with shares listed on the *Novo Mercado* segment must follow good practices of corporate governance. These rules generally increase shareholders' rights and enhance the quality of information provided to shareholders. On April 18, 2002, June 19, 2006, April 23, 2012 and April 27, 2018 our shareholders approved changes to our bylaws to comply with the *Novo Mercado* Listing Regulation.

Since 2024, B3 has been conducting a public consultation to discuss a new reform of the Novo Mercado Listing Regulation. Key proposals include (i) a public warning as a precautionary measure in specific cases as disclosure by the company of a material fact that demonstrates the possibility of material error in financial information, as defined by Brazilian accounting standards, including those related to fraud, (ii) establishing rules to prevent over-boarding, (iii) requiring executive certifications related to the reliability of the financial statements, (iv) adjusting penalty calibrations, and (v) providing greater flexibility in selecting arbitration chambers for dispute resolution.

In addition to the obligations imposed by current Brazilian law, a company listed on the *Novo Mercado* is obligated to, among others:

- maintain only common shares;
- hold public offerings of shares in a manner favoring diversification of the company's shareholder base and broader access to retail investors;
- grant tag along rights for all shareholders in connection with a transfer of control of the company;
- limit the term of all members of the board of directors to two years;
- hold a tender offer by the company's controlling shareholder (the minimum price of the shares to be offered will be determined by an appraisal process) if it elects to delist from the *Novo Mercado*, unless a waiver is granted by the company's shareholders;
- maintain a related party transactions policy, including (i) the criteria to be followed in the performance and approval of related party transactions, (ii) the procedures for identifying conflicts of interest and establishing voting restrictions for conflicted shareholders, directors and officers, (iii) the procedures for identifying related parties and related party transactions, and (iv) indication of the approval bodies for related party transactions, depending on the amount involved or other criteria of relevance;
- the chairman of the board of directors is prohibited from simultaneously holding the position of chief executive officer;
- the board of directors must disclose its opinion on takeover proposals within 15 days from the presentation of the proposal;

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- material facts, notices to market or to shareholders about information on earnings and press releases must be made in English simultaneously with the disclosure made in Portuguese;
- ensure that at least two, or 20.0% (whichever is greater), of the board of directors are independent members, as defined under the *Novo Mercado* Listing Regulation;
- maintain a minimum free float of at least (i) 20.0% of the capital stock of the company, or (ii) 15.0% of the capital stock of the company, in the event that the average daily trading volume (in the past 12 months) is equal to or greater than R$20.0 million;
- the company must have an internal audit committee;
- disclose information on the share ownership of controlling shareholders and certain related parties on a monthly basis;
- resolve and require the shareholders, directors, and members of the fiscal council of the company to resolve any and all disputes among them by arbitration before the Chamber of Market Arbitration (*Câmara de Arbitragem do Mercado*); and
- the company must adopt and publish a code of conduct approved by the board of directors, as well as policies for (i) compensation; (ii) election of board and committee members; (iii) risk management; (iv) related party transactions; and (v) the purchasing and trading of securities.

D.Selling Shareholders

Not applicable.

E.Dilution

Not applicable.

F.Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Our capital stock is only composed of common shares, all without par value. As of December 31, 2024, our share capital was represented by 683,509,868 common shares and one special class preferred share (Golden Share) owned by the State of São Paulo. Additionally, as provided for in our bylaws, our Board of Directors is authorized to approve capital increases within the limit of our authorized capital, currently set at 1,187,144,787 common shares, without the need for a shareholders' meeting or an amendment to our bylaws.

B. Memorandum and Articles of Association

The following is a summary of the material terms of our common shares, including related provisions of our bylaws and Brazilian Corporate Law. This description is qualified by reference to our bylaws and to Brazilian law.

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Directors' Powers

In addition to the general provisions of Brazilian law, our Board of Director's internal charter contains the specific provisions set out below regarding a director's power to vote on a proposal, arrangement or contract in which that director has a material interest. Under Brazilian Corporate Law, a director or an executive officer is prohibited from voting in any meeting or with respect to any transaction in which that director or executive officer has a conflict of interest with the company and must disclose the nature and extent of the conflicting interest to be recorded in the minutes of the meeting. In any case, a director or an executive officer may not transact any business with the company, including any borrowing, except on reasonable or fair terms and conditions that are identical to the terms and conditions prevailing in the market or offered by third parties.

According to our Board of Director's internal charter, when a matter involves a conflict of interest with ours or a particular interest in the matter, each member of our Board of Directors shall (i) declare his impediment in a timely manner, as soon as he becomes aware of the fact, (ii) refrain from intervening in the matter in discussion or deliberation, (iii) include the fact in the minutes of the meeting, and (iv) abstain from discussions and deliberations.

Under our bylaws, our shareholders are responsible for establishing the compensation we pay to the members of our Board of Directors, Board of Executive Officers and Fiscal Council.

Pursuant to Brazilian Corporate Law, only natural persons can be elected as members of our Board of Directors or our Board of Executive Officers. However, the appointment of a director or an executive officer residing or domiciled abroad is subject to the appointment of a representative residing in the country, pursuant to the Brazilian Corporate Law.

Our bylaws do not establish any mandatory retirement age limit.

See also "Item 6.A. Directors and Senior Management."

Description of Common Shares

General

Each common share entitles the holder thereof to one vote at our annual or special shareholders' meetings, subject to the voting limit described below. On first call, a quorum requires attendance, in person or by proxy, of shareholders representing:(i) at least 66.7% of the voting shares for resolutions involving amendments to the bylaws; and (ii) at least 25% of the voting shares for other matters. On second call, the meetings can be held with the attendance of shareholders, also either in person or by proxy, representing any number of shares entitled to vote (except as otherwise provided by Brazilian Corporate Law).

In principle, a change in shareholder rights, such as the reduction of the compulsory minimum dividend, is subject to a favorable vote of the shareholders representing at least one half of our outstanding voting shares. Under some circumstances that may result in a change in the shareholder rights, such as the creation of preferred shares, Brazilian Corporate Law requires the approval of a majority of the shareholders who would be adversely affected by the change attending a special meeting. It should be emphasized, however, that our bylaws expressly prevent us from issuing

preferred shares. Brazilian Corporate Law specifies other circumstances where a dissenting shareholder may also have appraisal rights.

According to Brazilian Corporate Law, neither a company's bylaws nor actions taken at a general meeting of shareholders may deprive a shareholder of certain rights, such as:

- the right to participate in the distribution of profits;
- the right to participate equally and ratably in any remaining residual assets in the event of liquidation of the company;
- the right to supervise the management of the corporate business as specified in Brazilian Corporate Law;
- the right to preemptive rights in the event of a subscription of shares, debentures convertible into shares or subscription bonuses (except in some circumstances specified under Brazilian corporate law); and
- the right to withdraw from the company in the cases specified in Brazilian Corporate Law.

Neither Brazilian Corporate Law nor our bylaws expressly address cumulative voting, except as described below.

According to Brazilian Corporate Law and its regulations, shareholders representing at least 10% of our capital may request that a multiple voting procedure be adopted to entitle each share to as many votes as there are board members and to give each shareholder the right to vote cumulatively for only one candidate or to distribute their votes among several candidates.

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Pursuant to regulations promulgated by the CVM, the 10% threshold requirement for the exercise of multiple voting procedures may be reduced depending on the amount of capital stock of the company. Considering our current capital stock, shareholders representing 5% of our voting capital may demand the adoption of a multiple voting procedure. The shareholder request for adopting the multiple voting process must be taken at least 48 hours before a shareholders meeting.

In addition, our bylaws provide for a unified term of office of our directors.

Preemptive Rights

Our shareholders have a general preemptive right to subscribe for new shares or securities convertible into shares, in proportion to their ownership interests, except in the event of the grant and exercise of any option to acquire shares of our capital stock. The preemptive rights are valid for 30 days from the publication of the announcement of a capital increase. Shareholders are also entitled to transfer or sell their preemptive rights to third parties. The preemptive rights may be eliminated or its exercise period may be reduced in connection with a public securities offering.

In the event of a capital increase by means of the issuance of new shares, holders of ADSs, or common shares, may face restrictions on exercising preemptive rights unless, under the Securities Act, a registration statement is effective or an exemption applies. For more information, see "Item 3.D. Risk Factors—Risks Relating to Our Common Shares and ADSs—A holder of our common shares and ADSs might be unable to exercise preemptive rights and tag-along rights with respect to the common shares."

Redemption and Rights of Withdrawal

Brazilian Corporate Law provides that, under limited circumstances, a shareholder has the right to withdraw his or her equity interest from the company and to receive payment for the portion of shareholder's equity attributable to his or her equity interest. Dissenting shareholders may exercise withdrawal rights following the approval, by the required quorum, of certain resolutions at a shareholders' meeting, including:

- to reduce the mandatory distribution of dividends;
- to merge into another company or to consolidate with another company, subject to the conditions set forth in Brazilian Corporate Law;
- to participate in a centralized group of companies, as defined under and subject to Brazilian Corporate Law;
- to change our corporate purpose;

- to split up, subject to Brazilian Corporate Law;
- to change the preferences, advantages and conditions for redemption or amortization of one or more classes of preferred shares, or create of a new more favored class;
- to dissolute the company;
- to transform into another type of company;
- to transfer all of our shares to another company or to receive shares of another company in order to make the company whose shares are transferred a wholly-owned subsidiary of such company, known as *incorporação de ações*; or
- to acquire control of another company at a price which exceeds the limits set forth in Brazilian Corporate Law.

The right of withdrawal lapses 30 days after publication of the minutes of the shareholders' meeting that approved the relevant corporate action, including the ones described above. We are entitled to reconsider any action giving rise to withdrawal rights within 10 days following the expiration of such rights if the withdrawal of shares of dissenting shareholders would jeopardize our financial stability. Brazilian Corporate Law allows companies to redeem their shares at their economic value, subject to the provisions of their bylaws and certain other requirements. Our bylaws do not currently provide that our capital stock will be redeemable at its economic value and, consequently, any redemption pursuant to Brazilian Corporate Law would be made based on the book value per share, determined based on the most recent balance sheet approved by the shareholders. However, if a shareholders' meeting giving rise to redemption rights occurs more than 60 days after the date of the most recent balance sheet approved, a shareholder is entitled to demand that their shares be valued on the basis of a new balance sheet dated within 60 days of such shareholders' meeting. In this case, the company will immediately pay 80% of the reimbursement amount calculated based on the most recent balance sheet and, once the next balance sheet is finalized, will pay the balance within 120 days from the date of the general shareholders' meeting.

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In addition, shareholders are precluded from exercising withdrawal rights resulting from a (i) merger into or consolidation with another company, subject to the conditions set forth in Brazilian Corporate Law, or (ii) participation in a centralized group of companies, as defined under and subject to Brazilian Corporate Law, if the shares meet the following criteria: (a) they are considered liquid, defined as being part of the Bovespa index (*Índice Bovespa*) or another stock exchange index (as defined by the CVM), and (b) share ownership is dispersed, such that the controlling shareholder or companies it controls hold less than 50.0% of the shares. Our shares currently meets these conditions, as our common shares are listed on the Bovespa index and we have no controlling shareholder. We may cancel any corporate resolution that triggers the right of withdrawal and consequently the right of withdrawal itself if the payment amount has a material adverse effect on our finances.

Liquidation Rights

Under Brazilian Corporate Law, the approval of shareholders representing at least one-half of the issued and outstanding voting shares is required for dissolving or liquidating us.

Conversion Right

Not applicable because our capital stock is only comprised of common shares.

Shareholders' Meetings

Unlike the laws governing corporations incorporated under the laws of the United States' state of Delaware, the Brazilian corporate law does not allow shareholders to approve matters by written consent obtained as a response to a consent solicitation procedure. All matters subject to approval by the shareholders must be approved in a general meeting, duly assembled pursuant to the provisions of Brazilian Corporate Law. Shareholders may be represented at a shareholders' meeting by attorneys-in-fact who are (i) shareholders of the corporation, (ii) a Brazilian attorney, (iii) a member of management or (iv) a financial institution.

According to Brazilian Corporate Law and CVM regulations, our annual or special shareholders' meetings must be called by publication of a notice in a newspaper of general circulation in our principal place of business (in our case, the publication "*Valor Econômico*"), and on the website of the same newspaper, currently the city of São Paulo, at least 21 days prior to the day of the meeting (and, on second call, eight days prior to the meeting). Notwithstanding, the CVM recommends a 30-day notice period for shareholder meetings due to the existence of our ADR program.

At duly organized and assembled meetings, our shareholders are empowered to take any action regarding our business. Shareholders have the exclusive right, during our annual shareholders' meetings, which are required to be held within the first four months following the end of our fiscal year, to approve our Consolidated Financial Statements and to determine the allocation of our net income and the distribution of dividends related to the fiscal year immediately preceding the meeting. The members of our Board of Directors are generally elected at annual shareholders' meetings. However, according to Brazilian Corporate Law, they can also be elected at extraordinary shareholders' meetings. At the request of shareholders holding a sufficient number of shares, a fiscal council can be established, and its members elected, at any general shareholders' meetings.

A special shareholders' meeting may be held concurrently with the annual shareholders' meeting and at other times during the year. Our shareholders may take the following actions, among others, exclusively at shareholders' meetings:

- election and dismissal of the members of our Board of Directors and our Fiscal Council, if the shareholders have requested the setup of the latter;
- approval of the aggregate compensation of the members of our Board of Directors and Board of Officers, as well as the compensation of the members of the Fiscal Council;
- amendment of our bylaws;
- approval of our merger, consolidation or spin-off;

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- approval of our dissolution or liquidation, as well as the election and dismissal of liquidators and the approval of their accounts;
- granting stock awards and approval of stock splits or reverse stock splits;
- approval of stock option plans for our management and employees, as well as for the management and employees of other companies directly or indirectly controlled by us;
- approval, in accordance with the proposal submitted by our Board of Directors, of the distribution of our net income and payment of dividends;
- authorization to delist from the *Novo Mercado* and to become a private company, except if the cancellation is due to a breach of the *Novo Mercado* Listing Regulation;
- regulations by management, and to retain a specialized firm to prepare a valuation report with respect to the value of our shares, in any such events;
- approval of our management accounts and our Consolidated Financial Statements;
- approval of any primary public offering of our shares or securities convertible into our shares; and
- deliberate upon any matter submitted by the Board of Directors.

Limitations on Rights to Own Securities

There are no limitations under Brazilian law and our bylaws on the rights of non-residents or foreign shareholders to own securities, including the rights of such non-resident or foreign shareholders to hold or exercise voting rights.

Limitations on Rights to Own Securities

Our bylaws prohibit any shareholder or group of shareholders from exercising votes over 30% of our issued and outstanding voting capital, or from entering into shareholders' agreements for the exercise of voting rights in excess of 30% of our issued and outstanding voting capital.

Equal Treatment Provisions

Pursuant to our bylaws and the *Novo Mercado* Listing Regulation, any party that acquires our control must extend a tender offer for the shares held by non-controlling shareholders at the same conditions and purchase price paid to the controlling shareholder.

Additionally, to both stimulate shareholding dispersion and prevent hostile takeovers, our bylaws establish that any shareholder or group of shareholders acquiring 30% or more of our common shares is required to make a tender offer for all remaining shares at a price equal to the highest amount paid by the acquiring shareholder(s) within the prior 12 months, plus a premium of 200%. The calculation methodology, including adjustments and procedures, is

explicitly detailed in our bylaws. Certain exceptions apply, such as acquisitions resulting from legal obligations or corporate restructuring, provided they are previously approved by a general shareholders' meeting.

Our bylaws also state that this anti-takeover provision may be dismissed with approval at a general shareholders' meeting convened specifically for this purpose. Furthermore, shareholders who do not comply with this mandatory tender offer requirement will have their voting rights suspended until they comply with our bylaws. Additionally, failure to launch the required tender offer within 30 days after reaching the 30% threshold may trigger financial penalties and further restrictions on shareholder rights.

Reserves

The Brazilian Corporate Law provides that all discretionary allocations of "adjusted income" are subject to shareholder approval and may be added to capital or distributed as dividends in subsequent years. In the case of our capital reserve and the legal reserve, they are also subject to shareholder approval; however, the use of their respective balances is restricted to being added to capital or absorbed by losses. They cannot be used as a source for income distribution to shareholders.

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Statutory Investment Reserve

Our statutory investment reserve consists specifically of internal funds for expansion of water and sewage service systems. As of December 31, 2024, we had an investment reserve of R$19,304.1 million.

Legal Reserve

Under Brazilian Corporate Law, we are required to record a legal reserve to which we must allocate 5% of the adjusted net income each year until the amount of the reserve equals 20.0% of paid-in capital. Any accumulated deficit may be charged against the legal reserve. As of December 31, 2024, the balance of our legal reserve was R$2,343.6 million.

Profit Retention Based in Capital Budgeting

The Board may also propose to the General Shareholders' Meeting that any remaining profits be retained in a profit reserve based in a capital budgeting subject to annual review.

Unrealized Profit Reserve

The unrealized profits be retained in an unrealized profits reserve, which profits, once realized, provided they are not absorbed by losses, shall be paid as dividends.

Arbitration

In connection with our listing with the *Novo Mercado* segment of the B3, we, our shareholders, directors, executive officers , members of Fiscal Council, effective and alternates, and members of statutory committees have undertaken to refer to arbitration any and all disputes or controversies arising out of the *Novo Mercado* Listing Regulation or any other corporate matters. For more information, see "Item 9.C. Markets." Under our bylaws, any dispute among us, our shareholders and our management with respect to the application of *Novo Mercado* Listing Regulation, the Brazilian Corporate Law, the application of the rules and regulations regarding Brazilian capital markets, will be resolved by arbitration conducted pursuant to the B3 Arbitration Rules in the Market Arbitration Chamber. Any dispute among shareholders, including holders of ADSs, and any dispute between us and shareholders, including holders of ADSs, will also be submitted to arbitration.

Options

There are currently no outstanding options to purchase any of our common shares.

C. Material Contracts

For a description of the material contracts entered into by the State of São Paulo and us, see "Item 7.B. Related Party Transactions—Transactions with the State of São Paulo".

Concession Agreement for URAE-1

On May 24, 2024, we and URAE-1 signed the Concession Agreement for URAE-1, which came into force on July 23, 2024 and introduced significant changes to the prior economic-regulatory model. An English language translation of the Concession Agreement for URAE-1 can be found in Exhibit 4.11 to this Annual Report.

D. Exchange Controls

The right to convert dividend or interest payments and proceeds from the sale of shares into foreign currency and to remit such amounts outside Brazil is subject to restrictions under foreign investment legislation which generally requires, among other things, that the relevant investments have been registered with the Central Bank and the CVM. Such restrictions on the remittance of foreign capital abroad may hinder or prevent the custodian for our common shares represented by our ADSs or the holders of our common shares from converting dividends, distributions or the proceeds from any sale of these shares into U.S. dollars and remitting the U.S. dollars abroad. Holders of our ADSs could be adversely affected by delays in, or refusal to grant any, required government approval to convert Brazilian currency payments on the common shares underlying our ADS and to remit the proceeds abroad.

Accordingly, the proceeds from the sale of ADSs by ADR holders outside Brazil are not subject to Brazilian foreign investment controls, and holders of the ADSs are entitled to favorable tax treatment under certain circumstances. For more information, see "Item 3.D. Risk Factors—Risks Relating to Our Common Shares and ADSs— Investors who exchange ADSs for common shares may lose their ability to remit foreign currency abroad and obtain Brazilian tax advantages" and "Item 10.E. Taxation—Brazilian Tax Considerations."

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Since January 1, 2025, Central Bank/CMN Joint Resolution No. 13/2024, of December 3, 2024, has been in full effect, providing for the issuance of depositary receipts in foreign markets in respect to shares of Brazilian issuers. The Central Bank/CMN Joint Resolution No. 13/2024, among other acts, revoked CMN Resolution No. 4373/2014, of September 29, 2014. Under Brazilian law relating to foreign investment in the Brazilian capital markets, foreign investors registered with the Central Bank and the CVM and acting through (i) authorized custodial accounts managed by local agents; and (ii) local intermediaries (such as securities broker-dealers), may buy and sell shares on Brazilian stock exchanges without obtaining separate certificates of registration for each transaction. Foreign investors may register their investment under Law No. 14,286/2021, of December 3, 2021, as regulated by BCB Resolution No. 278 of December 31, 2022, as amended, or under Central Bank/CMN Joint Resolution No. 13/2024.

Law No. 14,286/2021, regulated by BCB Resolution No. 278, is the main legislation concerning investment of direct foreign capital and foreign direct equity in companies based in Brazil. It is applicable to investments of at least US$100,000 that enter Brazil in the form of foreign currency, goods or services to local private companies. Foreign investment portfolios (i.e. investments into securities traded on stock exchanges or over-the-counter markets) are regulated by Central Bank/CMN Joint Resolution No. 13/2024, and CVM Resolution No. 13/2020, of November 18, 2020, which regulates the filing of transactions and disclosure of information by foreign investors, all reflecting the provisions of Central Bank/CMN Joint Resolution No. 13/2024.

As of November 18, 2020, foreign investors that intend to be registered with the CVM shall fulfill the requirements under CVM Resolution No. 13/2020. In accordance with Central Bank/CMN Joint Resolution No. 13/2024, the definition of a foreign investor includes individuals, legal entities, mutual funds and other collective investment entities, domiciled or headquartered abroad. In order to become a 13 Holder, a foreign investor must:

- appoint at least one representative in Brazil, which must be a financial institution or an institution authorized to operate by the Central Bank of Brazil;
- appoint at least one authorized custodian in Brazil for its investments (which must be a financial institution or entity duly authorized by the Central Bank or the CVM), duly licensed by the CVM (except if the foreign investor is a natural person);
- appoint a tax representative in Brazil;
- through its representative in Brazil, register itself as a foreign investor with the CVM (not applicable to individual non-resident investors);
- hire a local intermediary (e.g. a securities broker-dealer) for trading securities in local stock exchanges, including for purposes of acquiring shares of Brazilian companies listed in the local stock exchange;
- through its representative in Brazil, register its foreign investment with the Central Bank and report it periodically to the CVM; and
- be registered with the Federal Tax Authority (*Secretaria da Receita Federal* – "RFB"), pursuant to RFB Normative Instruction No. 2,172/2024, and RFB Normative Instruction No. 2,119/2022.

E. Taxation

This summary contains a description of certain Brazilian and U.S. federal income tax consequences of the purchase, ownership and disposition of common shares or ADSs by a holder.

The summary is based upon the tax laws of Brazil and the federal income tax laws of the United States as in effect on the date of this annual report, which laws are subject to change, possibly with retroactive effect, regarding the U.S. federal income tax, and to differing interpretations. Holders of common shares or ADSs should consult their own tax advisors as to the Brazilian, U.S. or other tax consequences of the purchase, ownership and disposition of common shares or ADSs, including, in particular, the effect of any non-Brazilian, non-U.S., state or local tax laws.

Although there presently is no income tax treaty between Brazil and the United States, the tax authorities of the two countries have had discussions in the past regarding such a treaty. No assurance can be given, however, as to if or when a treaty will enter into force or how it will affect the U.S. holders of common shares or ADSs.

Brazilian Tax Considerations

The following discussion summarizes the principal Brazilian tax consequences of the acquisition, ownership and disposition of common shares or ADSs by a holder that is not domiciled in Brazil for purposes of Brazilian taxation (a "non-Brazilian holder"). It is based on Brazilian laws and regulations as currently in effect, and, therefore, any change in such law may change the consequences described below. Each non-Brazilian holder should consult his or her own tax advisor concerning the Brazilian tax consequences of an investment in common shares or ADSs.

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A non-Brazilian holder of ADSs may withdraw them in exchange for common shares in Brazil. Pursuant to Brazilian law, the non-Brazilian holder may invest in the common shares under Central Bank/CMN Joint Resolution No. 13/2024 or as a foreign direct investment under Law No. 14,286/2021, as regulated by BCB Resolution No. 278.

Taxation of Dividends

Pursuant to Law No. 9,249/1995, dividends based on profits generated after January 1, 1996, including dividends paid in kind, payable by us in respect of common shares or ADSs, are exempt from WHT. Dividends relating to profits generated prior to January 1, 1996 may be subject to WHT at varying rates, depending on the year the profits were generated.

Additionally, currently there are discussions in the Brazilian Congress regarding a potential income tax reform aimed at revoking the aforementioned exemption and imposing income taxation on the payment of dividends. As of the date of this annual report, it is not possible to predict if the taxation of dividends will be effectively approved by the Brazilian Congress and how this taxation of dividends would be implemented. For more information on the income tax reform, see "Item 3.D. Risk Factors—Changes in Brazilian tax laws or conflicts in their interpretation may adversely affect us."

Sale of common shares in Brazil

Pursuant to Law No. 10,833/2003, gains from the disposition of assets located in Brazil by a non-Brazilian resident, whether to another non-Brazilian resident or a Brazilian resident, are subject to taxation in Brazil. This regulation applies regardless of whether the disposition of assets is conducted in Brazil or abroad.

In view of the regulation above, gains realized on disposition of common shares are subject to income tax in Brazil, regardless of whether the disposition is made by a non-Brazilian holder to a non-Brazilian resident or Brazilian resident. This is due to the fact that the common shares are considered assets located in Brazil for purposes of Law No. 10,833/2003.

Thus, for purposes of the law, gains realized in a disposition of common shares carried out on a Brazilian stock exchange (which includes transactions carried out on the organized over-the-counter market):

- are exempt from income tax when assessed on a non-Brazilian holder that (1) has registered its investment in Brazil with the Central Bank under the rules of Central Bank/CMN Joint Resolution No. 13/2024, and (2) is not a resident of or domiciled in a Nil or Low Taxation Jurisdiction; or
- are subject to income tax at a rate of 15% in the case of gains realized by a non-Brazilian holder that (1) is not a 13 Holder, and (2) is not resident or domiciled in a Low or Nil Tax Jurisdiction; and
- are subject to income tax at a rate of up to 25% in the case of gains realized by a non-Brazilian holder that is (1) not a 13 Holder, and (2) is resident or domiciled in a Low or Nil Tax Jurisdiction.

The disposition of common shares carried out on the Brazilian stock exchange is subject to WHT at the rate of 0.005% on the sale value. This WHT can be offset against the eventual income tax due on the capital gain. A 13 Holder that is not resident or domiciled in a Low Tax Jurisdiction is not subject to WHT.

Any other gains assessed on the disposition of the common shares that are not carried out on the Brazilian stock exchange are subject to income tax at (i) a flat rate of 15% for a 4,373 holder that is not a resident of or domiciled in a Nil or Low Taxation Jurisdiction, although different interpretations may be raised to sustain the application of the progressive rates that may vary from 15.0% to 22.5% (15.0% for the part of the gain that does not exceed R$5.0 million, 17.5% for the part of the gain that exceeds R$5.0 million but does not exceed R$10.0 million, 20.0% for the part of the

gain that exceeds R$10.0 million but does not exceed R$30.0 million and 22.5% for the part of the gain that exceeds R$30.0 million); (ii) a flat rate of 25.0% for a non-Brazilian holder that is a resident of or domiciled in a Nil or Low Taxation Jurisdiction, whether a 13 Holder or not, although there are arguments to sustain the application of the progressive rates from 15% to 22.5%, instead of the 25% rate, to the 13 Holder; (iii) progressive rates that may vary from 15.0% to 22.5% for non-Brazilian holders that are not 13 Holders and are not resident in a Low or Nil Taxation Jurisdiction.

If these gains are related to transactions conducted on the Brazilian non-organized over-the-counter market with intermediation of a financial institution, or if the capital gains are earned by a holder resident or domiciled in a Low or Nil Taxation Jurisdiction, the WHT of 0.005% on the positive results exceeding R$20,000 will apply and can be credited against the eventual income tax due on the capital gain.

In the case of redemption of ordinary shares or ADSs or capital reduction by a Brazilian corporation, such as us, the positive difference between the amount effectively received by the non-Brazilian holder and the corresponding acquisition cost is treated, for tax purposes, as capital gain derived from disposition of common shares not carried out on a Brazilian stock exchange and is therefore subject to the tax treatment described above.

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Any exercise of preemptive rights relating to the common shares will not be subject to Brazilian income tax. Any gain on the sale or assignment of preemptive rights relating to the common shares by a non-Brazilian holder of common shares will be subject to Brazilian taxation at the same rate applicable to the sale or disposition of common shares.

There is no assurance that the current preferential treatment for non-Brazilian holders of common shares under Central Bank/CMN Joint Resolution No. 13/2024 will continue in the future.

Sale of ADSs by non-Brazilian holder to another non-Brazilian holder

Gains realized outside Brazil by a non-Brazilian holder on the disposition of ADSs would not be subject to Brazilian income tax, based on the argument that ADSs would not fall within the definition of assets located in Brazil for the purposes of Law No. 10,833/2003. However, considering the general and unclear scope of it and the lack of definitive judicial court ruling to act as the leading case in respect thereto, we are unable to predict whether such understanding will ultimately prevail in Brazilian courts.

In case the ADSs are considered assets located in Brazil, gains on disposition of ADSs by a non-Brazilian holder to either a resident in Brazil or to a non-Brazilian resident may be subject to income tax in Brazil according to the rules described below for ADSs.

Exchange of ADSs for common shares

Although there is no clear regulatory guidance, the withdrawal of ADSs in exchange for common shares is not subject to Brazilian income tax to the extent that, as described above, ADSs do not fall within the definition of assets located in Brazil for the purposes of Law No. 10,833/2003, and as long as the regulatory rules are duly observed with respect to the registration of the investment before the Central Bank.

Upon receipt of the underlying common shares in exchange for ADSs, non-Brazilian holders may also elect to register with the Central Bank the U.S. dollar amount of such common shares as a foreign portfolio investment under Central Bank/CMN Joint Resolution No. 13/2024 or as a foreign direct investment under Law No. 14,286/2021, as regulated by BCB Resolution No. 278.

Exchange of common shares for ADSs

The deposit of common shares in exchange for ADSs may be subject to Brazilian income tax on capital gains, which in this case is the difference between the acquisition cost of the common shares and the market price of the common shares. For more information, see the rates outlined above on “Item 10.E. Taxation—Taxation of Gains—Sale of common shares in Brazil.”

Discussion on Low or Nil Taxation Jurisdictions

On June 4, 2010, the Brazilian tax authorities enacted Normative Ruling No. 1,037/2010 listing (1) the countries and jurisdictions considered as Low or Nil Taxation Jurisdictions; and (2) the privileged tax regimes, in which the definition is provided by Law No. 11,727/2008.

A Low or Nil Taxation Jurisdiction is a country or location that (1) does not impose taxation on income, (2) imposes income tax at a maximum rate lower than 17.0% or (3) imposes restrictions on the disclosure of shareholding composition or the ownership of the investment. The list of jurisdictions considered Low or Nil Taxation Jurisdictions by the Brazilian tax authorities is currently provided in Normative Ruling No. 1,037/2010.

Law No. 11,727/2008, which became effective as of January 1, 2009, introduced the concept of a “privileged tax regime” in connection with transactions subject to transfer pricing and thin capitalization rules. In this conception, privileged tax regimes are more comprehensive than tax havens. Under such law, a “privileged tax regime” is

considered to be a tax regime that meets any of the following requirements: (i) does not tax income or taxes income at a maximum rate lower than 17.0%; (ii) grants tax advantages to a non-resident entity or individual (a) without requiring substantial economic activity in the jurisdiction of such non-resident entity or individual or (b) to the extent such non-resident entity or individual does not conduct substantial economic activity in the jurisdiction of such non-resident entity or individual; (iii) does not tax income generated abroad, or imposes tax on income generated abroad at a maximum rate lower than 17.0%; or (iv) restricts the ownership disclosure of assets and ownership rights or restricts disclosure about economic transactions.

Notwithstanding the fact that the "privileged tax regime" concept was enacted in connection with Brazilian transfer pricing and thin capitalization rules, there is no assurance that Brazilian tax authorities will not attempt to apply the concept of privileged tax regimes to other types of transactions, such as investments in the Brazilian financial and capital markets. We recommend that prospective investors consult their own tax advisors from time to time to verify any possible tax consequences of Law No. 11,727/2008.

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Interest Attributed to Shareholders' Equity

According to Law No. 9,249/1995, as amended, and our bylaws, we may opt to distribute income as interest attributed to shareholders' equity as an alternative to the payment of dividends and treat such Payments as deductible expenses for Brazilian corporate income tax purposes by the payor, as far as certain limits are observed. Such interest is limited to the daily *pro rata* variation of the federal government's long-term interest rate (TJLP), as determined by the Central Bank from time to time, multiplied by the sum of certain Brazilian company's net equity accounts. The amount of deduction cannot exceed the greater of:

(a) 50% of net income (after the social contribution on net profits and before the provision for corporate income tax, and the amounts attributable to shareholders as interest on net equity) for the period with respect to which the payment is made; or

(b) 50% of the sum of retained earnings and earnings reserves as of the date of the beginning of the period with respect to which the payment is made.

Distribution of an interest on shareholders' equity with respect to common shares or ADSs is subject to WHT at the rate of 15% or 25%, in case of a Nil or Low Taxation Jurisdiction holder.

The amount paid to shareholders as interest on shareholders' equity, net of any withholding tax, may be included as part of the mandatory dividends distributable amount as prescribed in the Brazilian Corporate Law.

We cannot assure you that the Brazilian government will not try to increase the withholding income tax on interest on shareholders' equity in the future or extinguish it altogether.

Tax on foreign exchange transactions ("IOF/Exchange")

Pursuant to Decree No. 6,306/2007, dated December 14, 2007, as amended, the conversion of Brazilian currency into foreign currency and the conversion of foreign currency into Brazilian currency may be subject to the Tax on Foreign Exchange Transactions or IOF/Exchange. Currently, for most exchange transactions, the rate of IOF/Exchange is 0.38%. However, exchange transactions carried out for the inflow of funds in Brazil for investments in the Brazilian financial and capital market made by a foreign investor (including a non-resident holder, as applicable) under the rules of CMN Resolution No. 4,373/2014 are subject to IOF/Exchange at a 0%. The IOF/Exchange rate will also be 0% for the outflow of funds from Brazil related to these types of investments, including payments of dividends and interest on shareholders' equity and the repatriation of funds invested in the Brazilian market.

Notwithstanding the IOF/Exchange rates currently in force, the Brazilian government may increase the rate of the IOF/Exchange to a maximum of 25.0% at any time, but such an increase would not apply retroactively.

Tax on transactions involving bonds and securities ("IOF/Bonds")

In addition to the IOF/Exchange, the IOF may also be imposed on any transactions involving bonds and securities, including those carried out on Brazilian futures and commodities stock exchanges (known as IOF/Bonds). Currently, the rate of this tax for transactions involving common shares or ADSs is zero. The executive branch, by a Presidential Decree, may increase the IOF rate by up to 1.5% per day, but only with respect to future transactions.

Other Brazilian Taxes

Certain Brazilian states impose donation and inheritance taxes on donations or bequests made by individuals or entities not domiciled or residing in Brazil to individuals or entities domiciled or residing within such states. There are no Brazilian stamp, issue, registration or similar taxes or duties payable by holders of our shares or ADS.

U.S. Federal Income Tax Considerations

The following discussion is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of common shares or ADSs as of the date hereof. This discussion applies only to a beneficial owner of common shares or ADSs that is a "U.S. holder." As used herein, the term "U.S. holder" means a beneficial owner of a common share or ADS that, for U.S. federal income tax purposes, is:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

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- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury Department regulations to be treated as a U.S. person.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds common shares or ADSs, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. A U.S. holder that is a partner of a partnership holding common shares or ADSs should consult its tax advisors.

Except where noted, this discussion deals only with common shares or ADSs held as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended ("Internal Revenue Code"), and does not deal with U.S. holders that may be subject to special U.S. federal income tax rules, such as dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, banks or other financial institutions, tax-exempt organizations, insurance companies, real estate investment trusts, regulated investment companies, persons holding common shares or ADSs as part of a hedging, integrated, conversion or constructive sale transaction or a straddle, persons liable for alternative minimum tax, pass-through entities and investors in a pass-through entity, persons owning 10% or more of our stock, or persons whose "functional currency" is not the U.S. dollar.

This discussion is based upon the provisions of the Internal Revenue Code, and existing and proposed U.S. Treasury Department regulations, administrative pronouncements of the Internal Revenue Service ("IRS"), and judicial decisions as of the date hereof. Such authorities may be repealed, revoked or modified so as to result in U.S. federal income tax consequences different from those discussed below, possibly with retroactive effect. In addition, this discussion is based, in part, upon representations made by the depositary to us and assumes that the deposit agreement, and all other related agreements, will be performed in accordance with their terms.

Except as specifically described below, this discussion assumes that we are not a passive foreign investment company ("PFIC") for U.S. federal income tax purposes. Please see the discussion under "—Passive Foreign Investment Company Rules" below. Further, this discussion does not address the U.S. federal estate and gift, alternative minimum tax, Medicare tax on net investment income, state, local or non-U.S. tax consequences of acquiring, holding or disposing of common shares or ADSs.

ADSs

In general, for U.S. federal income tax purposes, U.S. holders of ADSs will be treated as the owners of the underlying common shares that are represented by such ADSs. Deposits or withdrawals of common shares by U.S. holders for ADSs will not be subject to U.S. federal income tax. However, the U.S. Treasury Department has expressed concerns that parties involved in transactions wherein depositary shares are pre-released may be taking actions that are inconsistent with the claiming of foreign tax credits by the holders of ADSs. Accordingly, the analysis of the creditability of Brazilian income taxes described herein could be affected by future actions that may be taken by the U.S. Treasury Department.

Taxation of Dividends

The gross amount of distributions paid to a U.S. holder (including Brazilian taxes that are withheld, if any, and any payments of interest on shareholders' equity, as described above under "—Brazilian Tax Considerations") will be treated as dividend income to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such income generally will be includable in a U.S. holder's gross income as ordinary income when actually or constructively received by the U.S. holder, in the case of common shares, or when actually or constructively received by the depositary, in the case of ADSs. Such dividends will not be eligible for the dividends received deduction allowed to corporations under the Internal Revenue Code. To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, the distribution will first be treated as a tax-free return of capital to the extent of the U.S. holder's adjusted tax basis in the common shares

or ADSs, causing a reduction in such adjusted tax basis (and thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized on a subsequent disposition of our common shares or ADSs), and thereafter as capital gain recognized on a sale or exchange. Because we do not expect to maintain calculations of earnings and profits in accordance with U.S. federal income tax principles, U.S. holders should expect that a distribution will generally be treated as a dividend for U.S. federal income tax purposes. Distributions of additional common shares or ADSs to U.S. holders that are part of a *pro rata* distribution to all of our shareholders generally will not be subject to U.S. federal income tax.

The amount of any dividend paid in *reais* will equal the U.S. dollar value of the *reais* received calculated by reference to the exchange rate in effect on the date the dividend is received by the U.S. holder, in the case of common shares, or by the depositary, in the case of ADSs, regardless of whether the *reais* are converted into U.S. dollars. If the *reais* received as a dividend are not converted into U.S. dollars on the date of receipt, the U.S. holder will have a tax basis in the *reais* equal to their U.S. dollar value on the date of receipt. Any gain or loss realized on a subsequent conversion or other disposition of the *reais* will be foreign currency gain or loss that is treated as U.S. source ordinary income or loss. If dividends paid in *reais* are converted into U.S. dollars at the applicable spot rate on the day they are received by the U.S. holder or the depositary, as the case may be, U.S. holders generally should not be required to recognize foreign currency gain or loss in respect of the dividend income. U.S. holders should consult their own tax advisors regarding the treatment of any foreign currency gain or loss if any *reais* received by the U.S. holder or the depositary or its agent are not converted into U.S. dollars on the date of receipt.

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Certain dividends received by certain non-corporate U.S. holders may be eligible for preferential tax rates so long as (1) specified holding period requirements are met, (2) the U.S. holder is not under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property, (3) the company paying the dividend is a "qualified foreign corporation" and (4) the company is not a PFIC for U.S. federal income tax purposes in the year of distribution or the prior year. We do not believe that we were classified as a PFIC for our prior taxable year, nor do we expect to be classified as a PFIC for the current taxable year. We generally will be treated as a qualified foreign corporation with respect to our ADSs so long as the ADSs remain listed on the NYSE. Based on existing guidance, however, it is not entirely clear whether dividends received with respect to the common shares (to the extent not represented by ADSs) will be eligible for this treatment, because the common shares are not themselves listed on a U.S. exchange. U.S. holders should consult their own tax advisors about the application of this preferential tax rate to dividends paid directly on common shares.

Subject to certain complex limitations and conditions (including a minimum holding period requirement), Brazilian income taxes withheld on dividends, if any, may be treated as foreign income taxes eligible for credit against a U.S. holder's U.S. federal income tax liability. Alternatively, if a U.S. holder does not elect to claim a foreign income tax credit for any foreign taxes paid during the taxable year, all foreign income taxes paid may instead be deducted in computing such U.S. holder's taxable income. For purposes of calculating the foreign tax credit, dividends paid on our common shares or ADSs will be treated as income from sources outside the United States. For the purposes of the U.S. foreign tax credit limitations, the dividends paid by us should generally constitute "passive category income" for most U.S. holders. The rules governing the foreign tax credit are complex and recent changes to the foreign tax credit rules introduced additional requirements and limitations (though the application of some of these changes has been deferred pending further guidance). U.S. holders should consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Taxation of Capital Gains

For U.S. federal income tax purposes, a U.S. holder generally will recognize taxable gain or loss on any sale, exchange or other taxable disposition of a common share or ADS in an amount equal to the difference between the U.S. dollar value of the amount realized for the common share or ADS and the U.S. holder's adjusted tax basis in the common share or ADS, determined in U.S. dollars. Such gain or loss will generally be capital gain or loss. The capital gain or loss will be long-term capital gain or loss if at the time of sale, exchange or other taxable disposition the U.S. holder has held our common shares or ADSs for more than one year. Capital gains of individuals derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by a U.S. holder will generally be treated as U.S. source gain or loss. The rules governing the foreign tax credit are complex and recent changes to the foreign tax credit rules introduced additional requirements and limitations (though the application of some of these changes has been deferred pending further guidance). U.S. holders should consult their tax advisors regarding the availability of foreign tax credits arising from Brazilian income tax imposed, if any, on the disposition of a common share or ADS under their particular circumstances.

Passive Foreign Investment Company Rules

Based upon our current and projected income, assets, activities and business plans, we do not expect the common shares or ADSs to be considered shares of a PFIC for our current fiscal year (although the determination cannot be made until the end of such fiscal year), and we intend to continue our operations in such a manner that we do not expect

to be classified as a PFIC in the foreseeable future. However, because the determination of whether the common shares or ADSs constitute shares of a PFIC will be based upon the composition of our income, assets and the nature of our business, as well as the income, assets and business of entities in which we hold at least a 25% interest, from time to time, and because there are uncertainties in the application of the relevant rules, there can be no assurance that the common shares or ADSs will not be considered shares of a PFIC for any fiscal year. If the common shares or ADSs were shares of a PFIC for any fiscal year, U.S. holders (including certain indirect U.S. holders) may be subject to adverse tax consequences, including the possible imposition of an interest charge on gains or "excess distributions" allocable to prior years in the U.S. holder's holding period during which we were determined to be a PFIC. If we are deemed to be a PFIC for a taxable year, dividends on our common shares or ADSs would not be qualified dividend income eligible for preferential rates of U.S. federal income taxation. In addition, a U.S. holder that owns common shares or ADSs during any taxable year that we are treated as a PFIC would generally be required to file IRS form 8621. U.S. holders should consult their own tax advisors regarding the application of the PFIC rules (including any information reporting requirements in connection therewith) to the common shares or ADSs.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to dividends in respect of our common shares or ADSs or the proceeds received on the sale, exchange, or redemption of our common shares or ADSs, in each case to the extent treated as being paid within the United States (and in certain cases, outside of the United States) to a U.S. holder unless a U.S. holder establishes its status as an exempt recipient, and backup withholding may apply to such amounts if the U.S. holder does not establish its status as an exempt recipient or fails to provide a correct taxpayer identification number and certify that such U.S. holder is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a refund or credit against such U.S. holder's U.S. federal income tax liability provided the U.S. holder timely furnishes the required information to the IRS.

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In addition, U.S. holders should be aware that additional reporting requirements apply with respect to the holding of certain foreign financial assets, including stock of foreign issuers which is not held in an account maintained by a financial institution, if the aggregate value of all of such assets exceeds US$50,000. U.S. holders should consult their own tax advisors regarding the application of the information reporting rules to our common shares and ADSs and the application of these additional reporting requirements for foreign financial assets to their particular situation.

F. Dividends and Payments Agents

Not applicable.

G. Statements by Experts

Not applicable.

H. Documents on Display

We are subject to the periodic reporting and other informational requirements of the U.S. Securities Exchange Act of 1934, as amended and supplemented ("Exchange Act"). Accordingly, we are required to file reports and other information with the SEC. You may inspect and copy reports and other information filed by us at the public reference facilities maintained by the SEC at 100 F Street, N.W., Washington D.C. 20549. Our filings will also be available at the SEC's website at http://www.sec.gov. Reports and other information may also be inspected and copied at the offices of the NYSE at 20 Broad Street, New York, New York 10005.

Our website is located at http://www.sabesp.com.br and our investor relations website is located at http://www.ri.sabesp.com.br. (These URLs are intended to be an inactive textual reference only. They are not intended to be an active hyperlink to our website. The information on our website, which might be accessible through a hyperlink resulting from this URL is not, and shall not be deemed to be, incorporated into this annual report.)

We also furnish to the depositary annual reports in English including audited annual Consolidated Financial Statements and reviewed quarterly Consolidated Financial Statements in English for each of the first three quarters of the fiscal year. We also furnish to the depositary English translations or summaries of all notices of shareholders' meetings and other reports and communications that are made generally available to holders of common shares.

J. Subsidiary Information

On December 11, 2023, we started operating water and sewage services in Olímpia, a municipality located in the interior of the State of São Paulo, through our wholly-owned subsidiary Sabesp Olimpia S.A. This new contract with the municipality of Olímpia, which has approximately 53 thousand inhabitants as of December 31, 2024, is the first bidding process we won without being part of a consortium under the New Legal Framework for Basic Sanitation.

J. Annual Report to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

We are exposed to various market risks, in particular, foreign currency risk and interest rate risk. We are exposed to foreign currency risk because a portion of our financial indebtedness is denominated in foreign currencies, primarily the U.S. dollar, while we generate all of our net operating revenues in *reais*. Similarly, we are subject to interest rate risk based upon changes in interest rates, which affect our net financial expenses. For more information on our market risks, see Note 5 to our 2024 Consolidated Financial Statements included in this annual report.

Exchange Rate Risk

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As of December 31, 2024 and 2023, R$3,356.4 million and R$2,745.9 million, or 13.3% and 14.1%, respectively, of our debt obligations were denominated in foreign currencies. As a result, we are exposed to exchange rate risks that may adversely affect our financial condition and results of operations, as well as our ability to meet debt service obligations. We entered into hedge transactions in 2024 to protect us against such risk, as detailed to Note 5.1 (d) to our 2024 Consolidated Financial Statements included in this annual report.

Exchange Rate Sensitivity

We estimate that the potential loss to us in connection with U.S. dollar and Yen-denominated debt that would have resulted as of December 31, 2024, 2023 and 2022 from each hypothetical instantaneous and unfavorable 1% change in the U.S. dollar and Yen against the *real* would have been approximately R$33.6 million, R$27.5 million and R$27.8 million, respectively. Consistent with these estimates, a hypothetical instantaneous and unfavorable 10% change in this exchange rate would have resulted in losses of approximately R$335.6 million, R$274.6 million and R$277.6 million as of December 31, 2024, 2023 and 2022, respectively.

The fluctuation of the *real* in relation to the U.S. dollar and Yen for the years ended December 31, 2024, 2023 and 2022 were:

	Year ended December 31,		
	2024	**2023**	**2022**
			(in percentages)
Depreciation (appreciation) of the *real* in relation to the U.S. dollar	27.9	(7.2)	(6.5)
Depreciation (appreciation) of the *real* in relation to the Yen	15.3	(13.5)	(18.4)

We did not contract derivative financial instruments in the years ended December 31, 2023 and 2022. In 2024, we entered into derivative instruments (plain vanilla swaps). The currently instruments has expiration dates ranging from July 2025 to March 2048, to fully protect us against a devaluation of the real against the U.S. dollar or the Yen.

For more information regarding foreign currency risk and all derivatives financial instruments, see Notes 5.1(a) and 5.1(d), respectively, to our 2024 Consolidated Financial Statements included in this annual report.

As of December 31, 2023, 2022 and 2021, we had no short-term indebtedness outstanding, other than the current portion of long-term debt.

Interest Rate Risk

As of December 31, 2024 and 2023, R$1,688.1 million, or 6.7%, and R$1,640.4 million, or 8.7%, respectively, of our total debt outstanding balance denominated in *reais* was based on variable rates of interest based on the Standard Reference Unit (*Unidade Padrão Referência* – "UPR"), which is equivalent to the Reference Rate (*Taxa de Referência* – "TR"). In addition, as of December 31, 2024 and 2023, R$15,670.7 million, or 62.0%, and R$10,223.1 million, or 52.3%, and respectively, of our total debt denominated in *reais* was subject to interest rates based on the CDI. As of December 31, 2024 and 2023, R$1,863.9 million and R$1,334.5 million, respectively, of our foreign-currency

denominated debt was based on the IDB and the IBRD variable rates of interest, which are determined based on the cost of funding of these multilateral organizations in each period.

As of December 31, 2023 and 2022, we did not have any derivative contracts outstanding related to our exposure to changes in the UPR or the CDI or in the IDB or IBRD variable rates. We invest our excess funds, which totaled R$1,682.6 million and R$838.5 million as of December 31, 2024 and 2023, respectively, mainly in short-term instruments. As a result, our exposure to Brazilian interest rate risk is partially limited by our *real*-denominated floating interest time deposits investments, which generally earn interest based on the CDI. In addition to our exposure with respect to existing indebtedness, we may become exposed to interest rate volatility with respect to indebtedness incurred in the future.

We estimate that we would have suffered a loss over periods of one year, respectively, of up to R$252.64 million, R$195.4 million and R$189.6 million if a hypothetical instantaneous and unfavorable change of 100 basis points in the interest rates applicable to financial liabilities as of December 31, 2024, 2023 and 2022, respectively, had occurred. Consistent with these estimates, a hypothetical instantaneous and unfavorable 1000 basis points change in these interest rates would have resulted in losses of approximately R R$2,525.8 million, R$1,953.6 million and R$1,895.9 million as of December 31, 2024, 2023 and 2022, respectively. This sensitivity analysis is based on the assumption of an unfavorable 100 basis point movement of the interest rates applicable to each homogeneous category of financial liabilities and sustained over a period of one year, as applicable, and that such movement may or may not affect interest rates applicable to any other homogenous category of financial liabilities.

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A homogeneous category is defined according to the currency in which financial liabilities are denominated and assumes the same interest rate movement within each homogeneous category (i.e., U.S. dollars). As a result, our interest rate risk sensitivity model may overstate the effect of interest rate fluctuation on these financial instruments, as consistently unfavorable movements of all interest rates are unlikely.

The tables below provide information about our interest rate-sensitive instruments. For variable interest rate debt, the rate presented is the weighted average rate calculated as of December 31, 2024. For the foreign currency denominated obligations, these amounts have been converted at the selling rates as of December 31, 2024 and do not represent amounts which may actually be payable with respect to such obligations on the dates indicated.

	As of December 31, 2024					
	Expected maturity date					
	2025	**2026**	**2027**	**2028 and after**	**Total**	**Average annual interest rate**
	(*in millions, except percentages*)					
Assets						
Cash equivalents denominated in *reais*	1,682.6	-	-	-	1,682.6	
Liabilities						
Long-term debt (current and noncurrent portion)						
Floating rate, denominated in *reais* indexed by TR or UPR	128.2	131.1	139.2	1,289.5	1,688.0	6.9%
Floating rate, denominated in *reais* indexed by TJLP	266.1	252.7	239.9	310.4	1,069.1	9.3%
Floating rate, denominated in *reais* indexed to the IPCA	230.2	135.1	924.9	1,713.0	3,003.2	9.8%
Floating rate, denominated in *reais* indexed by CDI	1,938.2	3,979.1	896.6	8,856.8	15,670.7	12.7%
Fixed rate, denominated in *reais*	208.1	65.6	22.7	174.5	470.9	
Floating rate, denominated in U.S. dollars	151.0	88.9	88.9	1,535.1	1,863.9	5.9%
Fixed rate, denominated in Yen	212.1	169.3	169.4	941.7	1,492.5	1.0%
Total long-term debt	**3,133.9**	**4,821.8**	**2,481.6**	**14,821.0**	**25,258.3**	10.7%

UPR is equal to TR, which was 0.0822% per month as of December 31, 2024; CDI stands for Interbank Deposit Rate (*Certificado de Depósitos Interbancários*), which was 12.15% per annum as of December 31, 2024; IGP-M was 6.54% per annum as of December 31, 2024; TJLP stands for Long-term Interest Rate (*Taxa de Juros a Longo Prazo*), published quarterly by the Central Bank, which was 7.43% per annum as of December 31, 2024.

The percentage of our indebtedness subject to fixed and floating interest rate is as follows:

	As of December 31, 2024		
	2024	**2023**	**2022**
Floating rate debt:			
Denominated in U.S. dollars	4.0%	4.2%	2.3%
Denominated in *reais*	84.8%	83.6%	82.9%
Fixed rate debt:			
Denominated in *reais*	1.9%	2.3%	2.5%
Denominated in Yen	6.0%	7.2%	9.5%
Denominated in U.S. dollars	3.3%	2.7%	2.8%
Total	**100.0%**	**100.0%**	**100.0%**

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ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

In the United States, our common shares trade in the form of ADSs. Following a ratio change effected on January 24, 2013, each ADS represents one common share of our company. Following a stock split which took place on April 25, 2013, we issued two new ADSs for each ADS currently trading and distributed them to our holders on April 29, 2013. The ADSs are issued by The Bank of New York Mellon, as our depositary pursuant to a deposit agreement. The ADSs commenced trading on the NYSE on May 10, 2002.

Fees and Expenses

The following table summarizes the fees and expenses payable by holders of ADSs:

Persons depositing common shares or ADS holders must pay:	**For:**
US$5.00 (or less) per 100 ADSs (or portion thereof)	Issuance of ADSs, including issuances resulting from a distribution of common shares or rights or other property
US$5.00 (or less) per 100 ADSs (or portion thereof)	Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates

US$0.05 (or less) per ADS or portion thereof (to the extent not prohibited by the rules of any stock exchange on which the ADSs are listed for trading)	Any cash distribution to you
A fee equivalent to the fee that would be payable if securities distributed to you had been common shares and the common shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADS holders
US$0.05 (or less) per ADS or portion thereof per calendar year (in addition to any cash distribution fee that the depositary has collected during the year)	Depositary services
Registration or transfer fees	Transfer and registration of common shares on our common share register to or from the name of the depositary or its agent when you deposit or withdraw common shares
Expenses of the depositary	Cable, telex and facsimile transmissions expenses (when expressly provided in the deposit agreement) Expenses of the depositary in converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian have to pay on any ADS or common share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes	As necessary
Any other charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

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Payment of Taxes

The Bank of New York Mellon, as depositary may deduct the amount of any taxes owed from any payments to you. It may also sell deposited securities, by public or private sale, to pay any taxes owed. You will remain liable if the proceeds of the sale are not sufficient to pay the taxes. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to you any proceeds, or send to you any property, remaining after it has paid the taxes.

Reimbursement of Fees

The depositary, has agreed to reimburse us for expenses we incur in connection with the establishment, administration and maintenance of the ADS facility, including but not limited to, NYSE annual stock exchange listing fees, and other ADR program-related expenses. The depositary has also agreed to pay its standard out-of-pocket expenses for providing services to registered ADR holders, which consist of the expenses of postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend checks, U.S. IRS tax reporting, mailing required tax forms, stationery, postage, facsimile, and telephone calls. We are currently negotiating a new reimbursement agreement.

The depositary collects fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

Reimbursement of Fees Incurred in 2024

From January 1, 2024 to December 31, 2024, we did not receive reimbursements for expenses related to the administration and maintenance of the ADS facility, including but not limited, any DR program-related expenses.

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PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

We carried out an evaluation under the supervision of and with the participation of our management, including our Chief Executive Officer and Chief Financial and Investor Relations Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, including those defined in the United States Exchange Act Rule 13(a) 15(e), as of the year ended December 31, 2024.

Based upon that evaluation, our Chief Executive Officer and Chief Financial and Investor Relations Officer concluded that, as of December 31, 2024, the design and operation of our disclosure controls and procedures were not effective because of the material weaknesses in our internal control over financial reporting described below.

B. Management Report on Internal Control over the Preparation of Financial Reports

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. A company's internal control over financial reporting is a process designed by, or under the supervision of, its Chief Executive Officer and Chief Financial Officer, and effected by such company's board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB, and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with IFRS as issued by the IASB, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in the internal control over financial reporting, such that there is a reasonable possibility that a material misstatement in the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial and Investor Relations Officer, our management conducted an assessment of our internal control over financial reporting as of December 31, 2024 based on the criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 2013. Based on its assessment, management concluded that we did not maintain effective internal control over financial reporting as of December 31, 2024, due to the following material weaknesses:

- **Information System General Controls**: We did not fully design, implement, and monitor general information technology controls (ITGCs) in the areas of program change management and user access for certain IT systems, which impacted our business processes. As a result, our related process-level IT-dependent manual and automated controls that rely on the affected ITGCs, or information from IT systems with affected ITGCs, were deemed ineffective
- **Controls over Information Produced by Entity**: We did not appropriately design and implement controls over completeness and accuracy of certain reports and spreadsheets parameters ("Information Produced by Entity" or "IPE") which impacted our business processes.

- **Risk Assessment and Design and Implementation of Certain Controls**: We have not designed controls impacting new risks in response to business process changes, including ITGCs, segregation of duties and personnel changes. As a result, management identified deficiencies related to the design and implementation of certain controls in the following business processes: revenue, concessions, intangibles, financial contract assets, and financial statement close process, including journal entries.

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The material weaknesses did not result in any identified misstatements to the consolidated financial statements and there were no changes to previously released financial results. Although these material weaknesses did not result in any material misstatement of our consolidated financial statements for the periods presented, they could lead to a material misstatement of account balances or disclosures. Accordingly, management has concluded that these control deficiencies constitute material weaknesses.

C. Actions for Remediation of Material Weakness

Management immediately began to address the identified material deficiencies by conducting an internal review of controls and systems to implement measures designed to ensure that the control deficiencies contributing to the material deficiency were corrected.

Our management immediately established action plans to correct the identified material deficiencies. These action plans include:

- Review the risk and internal controls matrix proactively, with the objective of enhancing its quality and effectiveness, ensuring that control activities are appropriately designed and implemented effectively to mitigate identified risks;
- Implement governance functions within the IT area, with the objective of enhancing, monitoring, and ensuring the appropriate execution of controls, with the participation of IT and internal controls specialists;
- Review and improve the processes for the generation, extraction, and utilization of Information Produced by Entity (IPE), including the validation of source controls, the analysis of parameterization, the possibility of automation, and the creation of report generation procedures; and
- Training relevant personnel on the design and operation of internal controls over financial reporting, including ITGCs.

Previously reported material weakness

In connection with the preparation of the audited consolidated financial statements as of and for the year ended December 31, 2023, we had previously identified evidence of a material weakness related to the inadequate design and implementation of certain controls in our revenue billing system (Conecta).

In 2024, we adopted and implemented a remediation plan to address the material weaknesses described above, with an emphasis on removing the ability to execute scripts directly in Conecta.

As a result, the material weakness identified for the year ended December 31, 2023, was remediated as of December 31, 2024.

D. Attestation Report of the Registered Public Accounting Firm

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Board of Directors
Companhia de Saneamento Básico do Estado de São Paulo - SABESP
São Paulo-SP, Brazil

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Companhia de Saneamento Básico do Estado de São Paulo – SABESP' (the "Company") as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company did not maintain, in all

material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated statement of financial position of the Company as of December 31, 2024 and 2023, the related consolidated statements of income and comprehensive income, changes in equity, and cash flows for each of the years then ended, and the related notes (collectively referred to as "the consolidated financial statements")" and our report dated April 30, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 15, Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Material weaknesses have been identified and described in management's assessment. These material weaknesses related to:

(i) Inadequate design, implementation and monitoring of general information technology controls ("ITGCs") in the areas of program change management and user access for certain IT systems which impacted substantially all business processes of the Company. As a result, the Company's related process-level IT dependent manual and automated controls that rely on the affected ITGCs, or information from IT systems which affected ITGCs, were also deemed ineffective;
(ii) Inadequate design and implementation of controls over completeness and accuracy of certain reports and spreadsheets ("Information Produced by Entity" or "IPE") which impacted substantially all business processes of the Company;
(iii) Inadequate design of controls impacting the risk assessment procedures in response to business process changes, including ITGCs, segregation of duties and personnel changes. As a result, management identified deficiencies and control gaps related to the design and implementation of certain controls in the following business processes: revenue, intangibles, contract assets, concession financial assets, and financial statement close process, including journal entries.

These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2024 consolidated financial statements, and this report does not affect our report dated April 30, 2025 on those consolidated financial statements.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and

directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

BDO RCS Auditores Independentes SS Ltda.

São Paulo-SP, Brazil
April 30, 2025

E. Changes in internal control over financial reporting

Other than the remediation of the material weaknesses identified in 2023 and remediated in 2024, as discussed above, there were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

At our Board of Directors' meeting held on June 29, 2005, we established an Audit Committee, as defined under section 3(a)(58) of the Exchange Act. Our Board of Directors has determined that Mateus Affonso Bandeira qualifies as an Audit Committee Coordinator and as Financial Expert, as defined for the purposes of this Item 16A in Item 16 of Form 20-F. Mateus Affonso Bandeira is an "independent director" within the meaning of the SEC rules.

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ITEM 16B. ETHICS AND COMPLIANCE

We have adopted a compliance program which includes a Code of Conduct and Integrity, that applies to all of our employees, regardless of their position, as well as our suppliers and third-party contractors. The program was established in accordance with the Anticorruption Law, the Foreign Corrupt Practices Act, the *Novo Mercado* Listing Regulation and the guidelines of the Brazilian Office of the Comptroller General ("CGU"). Our Code of Conduct and Integrity is available on our web site at https://ri.sabesp.com.br/en/corporate-governance/code-of-conduct-and-integrity/.

In addition, we have an external whistleblowing hotline, which can receive anonymous whistle blowing, to report cases of fraud, bribery, corruption, unlawful acts, breaches of the Code of Conduct and Integrity and other issues that could harm our interests and principles.

We periodically review our handling of anti-fraud, anti-bribery and anti-corruption measures. As part of the Compliance Program, we created the Conduct and Integrity Learning Track which consists of a continuous training program aimed at our entire staff about ethics and compliance issues.

When entering into business and professional relationships with higher risks, we carry out background checks in order to detect information relating to history and reputation, relationships with public agencies or agents, company corporate structure and restrictive lists, including corruption proceedings and investigations, to ensure that the terms and conditions of the transaction do not result in a material risk of violation of applicable anti-corruption laws or a reputational exposure, in order to assist the decision making and risk management of those responsible for the transactions.

In recognition of our commitment to ethical behavior in our business practices, we scored more than nine points in the self-assessment carried out in 2024 by the Integrity Indicators of the Ethos Institute, demonstrating a high level of maturity in our Compliance Program. As a result of our efforts, we did not register any corruption cases in 2024.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

BDO RCS Auditores Independentes SS Ltda. served as our independent registered public accounting firm for the years ended December 31, 2024 and 2023. The following table presents the aggregate fees for professional services and other services rendered to us by BDO RCS Auditores Independentes SS Ltda. in 2024 and 2023:

	Year ended December 31,	
	2024	**2023**
		(in millions of reais)
Audit Fees[(1)]	1.2	1.2
Audit-Related Fees[(2)]	2.8	-
Tax Fees	-	-
All Other Fees	-	-
Total	**4.0**	**1.2**

(1) Audit Fees are the fees billed by our independent auditors for the audit of our annual Consolidated Financial Statements, reviews of interim Consolidated Financial Statements and attestation services that are provided in connection with statutory and regulatory filings or engagements.

(2) Audit-Related Fees are the fees of our independent auditors for services provided in conjunction with the issuance of comfort letters issued as part of the Company's privatization (BDO and Grant Thornton).

Pre-approval policies and procedures

Pursuant to Brazilian law, our Board of Directors is responsible, among other matters, for the selection, dismissal and oversight of our independent registered public accounting firm. Our management is required to obtain the Board of Directors' approval before engaging an independent registered public accounting firm to provide any audit or permitted non-audit services to us. The Brazilian Federal and State Public Bidding Laws also apply to us with respect to obtaining services from third parties for our business, including the services provided by our independent registered public accounting firm. As part of the bidding process, the independent registered public accounting firm is required to submit proposals, and is then selected by us based on certain criteria including technical expertise and cost.

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Except as disclosed above, BDO RCS Auditores Independentes SS Ltda. did not provide any non-audit services to us.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

We are eligible to rely on and choose to rely on the Securities Exchange Act Rule 10A-3 exemption 10A-3(c)(3), which provides a general exemption for a foreign private issuer from the requirements of Rule 10A-3(b)(1)-(5), subject to certain requirements.

Under Rule 10A-3(c)(3) of the Exchange Act, considering that (i) our bylaws expressly require that our statutory Audit and Risks Committee shall have at least one member that is an independent member of the Board of Directors; and (ii) SEC's interpretive letter issued on November 8, 2018, we are exempt from the audit committee requirements of Rule 10A-3(b)(1)-(5).

Due to its composition, our statutory Audit and Risks Committee is not equivalent to or comparable with a U.S. audit committee. Pursuant to Exchange Act Rule 10A-3(c)(3), which provides for an exemption under the rules of the SEC regarding the audit committees of listed companies, a foreign private issuer is not required to have an audit committee equivalent to or comparable with a U.S. audit committee if the foreign private issuer has a body established and selected pursuant to home country legal or listing provisions expressly requiring or permitting such a body, and if

the body meets the requirements that (i) it be separate from the full board, (ii) its members not be elected by management, (iii) no officer be a member of the body, and (iv) home country legal or listing provisions set forth standards for the independence of the members of the body.

Given that our statutory Audit and Risks Committee is subject to certain provisions in our bylaws that set forth standards for the independence of its members, we understand that it complies with these requirements, and we rely on the exemption provided by Rule 10A-3(c)(3) under the Exchange Act.

We believe that our statutory Audit and Risks Committee otherwise complies with Rule 10A-3(c)(3) to the extent permitted by Brazilian law.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

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ITEM 16G. CORPORATE GOVERNANCE

Our corporate governance structure and governing documents, such as our bylaws, Board of Director's Internal Charter, Executive Board's Internal Charter and Fiscal Council's Internal Charter, as well as certain corporate policies, as applicable, are in accordance with the Brazilian Corporate Law and the *Novo Mercado* Listing Regulation.

For a description of corporate governance obligations imposed by Brazilian law on companies listed on the *Novo Mercado* segment, see "Item 9.C. Markets—Trading on the Brazilian Stock Exchange—The *Novo Mercado* Segment." For further information about our Privatization, see "Presentation of Financial and Other Information—Privatization."

Disclosure of Relevant Shareholding Positions

A Brazilian publicly held company's (i) direct or indirect controlling shareholders, (ii) shareholder entitled to appoint members of our Board of Directors or Fiscal Council; as well as (iii) any person or corporate entity, or group of persons representing the same interest, in each case that has directly or indirectly acquired or sold an interest that exceeds (either upward or downward) the threshold of 5%, or any multiple thereof, of the total number of shares of any type or class, must disclose such shareholder's or person's share ownership or divestment, immediately after the acquisition or sale, to us and we have to forward this information to the CVM and the B3.

This obligation also applies to the acquisition of rights over such shares, including through derivative instruments, whether settled physically or financially, subject to certain exceptions provided for in the CVM Regulation. Additionally, In cases where an acquisition results in, or is carried out with the purpose of, changing our control or management structure, as well as in cases where the acquisition triggers the obligation to launch a public tender offer pursuant to applicable regulations, the acquiring party is required to provide information to us and must make the corresponding disclosure through, at a minimum, the same communication channels customarily used by us.

Significant Differences between our Current Corporate Governance Practices and NYSE Corporate Governance Standards

We are subject to the NYSE corporate governance listing standards. As a foreign private issuer, the standards applicable to us are considerably different than the standards applied to U.S. listed companies. Under the NYSE rules, we are required only to: (a) have an audit committee or audit board, pursuant to an applicable exemption available to foreign private issuers, that meets certain requirements, as discussed below, (b) provide prompt certification by our Chief Executive Officer of any material non-compliance with any corporate governance rules, and (c) provide a brief description of the significant differences between our corporate governance practices and the NYSE corporate governance practice required to be followed by U.S. listed companies.

The following discussion summarizes the significant differences between our current corporate governance practices and those required of U.S. listed companies:

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Section	NYSE corporate governance rule for U.S. domestic issuers	Our approach
303A.01	A listed company must have a majority of independent directors.	Under our current bylaws, approved on October 28, 2024, our Board of Directors must have nine (9) members, and at least three must be independent members. Currently, three of our nine directors are independent, pursuant to the *Novo Mercado* Listing Regulation. We believe that rule provide adequate assurances that these directors are independent.
303A.03	The non-management directors of each listed company must meet at regularly scheduled executive sessions without management.	According to the Brazilian Corporate Law, up to one-third of the members of the Board of Directors can be elected as Officers. All members of our Board of Directors meet the NYSE's definition of "non-management" directors. There is no requirement in the Brazilian Corporate Law that non-management directors meet regularly without management. However, the Internal Charter of the Board of Directors establishes that, by resolution of the Chairman of the Board, meetings may be held exclusively for external directors, without the presence of executives.
303A.04 303A.05	Listed companies must have a nominating/ corporate governance committee composed entirely of independent directors, with a written charter that covers certain minimum specified duties. "Controlled companies" are not required to comply with this requirement.	Under the Brazilian Corporate Law, we are not required to have a nomination/corporate governance committee or compensation committee. However, the *Novo Mercado* Listing Regulation require companies to have a policy for appointing members of the Board of Directors, their advisory committees and statutory executive board. In this sense, we have a statutory Eligibility and Compensation committee that we understand is also in line with best practices for corporate governance in Brazil. This committee must consist of three to five members, as appointed by our Board of Directors. The mandate for the members of statutory and non-statutory advisory committees must coincide with the mandate of the members of the Board of Directors and, except in the event of resignations or removals, the mandates are automatically renewed until the appointment of substitutes. Members must have academic degrees or professional experience compatible with their attributions, and at least one must be an independent member, that will act as the coordinator for the committee.
303A.06 303A.07	Generally, listed companies must have an audit committee with a minimum of three independent directors that satisfy the independence requirements of Rule 10A-3 under the Exchange Act, with a written charter that covers certain minimum specified duties. However, pursuant to Exchange Act Rule 10A-3(c)(3), a foreign private issuer is not required to have an audit committee equivalent to or comparable with a U.S. audit committee if the foreign private issuer has a body established and selected pursuant to home country legal or listing provisions expressly requiring or permitting such a body, and if the body meets the requirements that (i) it be separate from the full board, (ii) its members not be elected by management, (iii) no officer be a member of	As a foreign private issuer, we are only required to ensure that our audit committee complies with SEC rules regarding audit committees for listed companies, in accordance with Brazilian Corporate Law. Our Audit Committee, which is not equivalent to, or comparable with, a U.S. audit committee, provides assistance to our Board of Directors on matters involving accounting, internal controls, financial reporting and compliance. For further details on our Audit Committee, see "Item 6C. Directors, Senior Management and Employees—Board Practices—Audit Committee."

	the body, and (iv) home country legal or listing provisions set forth standards for the independence of the members of the body.	

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303A.08	Shareholders must have the opportunity to vote for compensation plans through shares and material reviews, with limited exceptions as set forth by the NYSE's rules.	We currently have a Restricted Share Units (RSU) Plan and a Performance Share (PSA) Plan, which were approved by the shareholders at the Shareholder's Annual Meeting on April 29, 2025. If the issuance of new shares in connection with any equity compensation plan exceeded the authorized capital under our bylaws, the increase in capital would require shareholder approval.
303A.09	Listed companies must adopt and disclose corporate governance guidelines.	We are in compliance with the adoption of corporate governance provisions and guidelines required under the Novo Mercado Regulation. We believe that such corporate governance guidelines applicable to us do not conflict with the guidelines established by the NYSE. For more information, see "Item 9.C Markets—Trading on the Brazilian Stock Exchange—The Novo Mercado Segment", our Report on the Brazilian Code of Corporate Governance and our policies available on "Corporate Governance" section of our Investor Relations website.
303A.10	Listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or officers.	The adoption and disclosure of a formal code is not required under the Brazilian Corporate Law. However, the Novo Mercado Regulation requires the adoption of a Code of Conduct and Integrity. We have adopted a compliance program, which includes a Code of Conduct and Integrity and complies with the requirements made by the Brazilian laws and regulation, as well as addresses the matters required to be addressed by the applicable NYSE and SEC rules. For more information, see "Item 16.G. Corporate Governance—Ethics and Compliance"
303A.12	a) Each listed company CEO must certify to the NYSE each year that he or she is not aware of any violation by the company of the NYSE corporate governance listing standards. b) Each listed company CEO must promptly notify the NYSE in writing after any officer of the listed company becomes aware of any non-compliance with any applicable provisions of this Section 303A. c) Each listed company must submit an executed Written Affirmation annually to the NYSE. In addition, each listed company must submit an interim Written Affirmation as and when required by the interim Written Affirmation form specified by the NYSE.	We are subject to (b) and (c) of these requirements, but not (a).

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

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ITEM 16J. INSIDER TRADING POLICIES

We have adopted a "Disclosure of Material Information and Trading of Securities Policy" which governs the purchase, sale, and other dispositions of our securities by:

- any person who trades securities having material information not yet disclosed;
- controlling shareholders, either direct or indirect, officers, members of our Board of Directors and members of our Fiscal Council, and us, in regard to business with securities issued by us; and
- anyone who has business, professional or relationships of trust with us, such as independent auditors and consultants who, by virtue of their relationship with us, have access to material information not yet disclosed.

This policy and related procedures have been reasonably designed to promote compliance with applicable laws. A copy of the "Disclosure of Material Information and Trading of Securities Policy" is set out herein as Exhibit 11.2.

ITEM 16K. CYBERSECURITY

Cybersecurity Risk Management and Strategy

In the ever-evolving digital age, effective cybersecurity management has become an undeniable priority for organizations of all sizes. In this context, a proactive and comprehensive approach is essential to ensure the protection of digital assets and maintain the trust of customers and stakeholders.

Our business involves the collection, storage, processing and transmission of customers', suppliers and employees' personal or sensitive data. As a result, we may be subject to breaches of the information technology systems we use for these purposes. See "Item 3.D—Risk Factor—Risks Relating to Our Business—Our business is subject to cyberattacks and security and privacy breaches" for further details on this matter. When we face a cybersecurity incident, we believe we act quickly to contact the responsible teams. We then develop an action plan to resolve the issue and subsequently identify improvement measures to be implemented quickly to prevent the incident from becoming recurring.

Our action plan is prepared by our cybersecurity team in collaboration with other responsible parties impacted by the incident. This plan is designed to address not only immediate measures, but also short, medium and long-term strategies. This plan is subject to analysis by our audit, risks and LGPD areas to ensure its compliance and effectiveness. Furthermore, in cases where the severity of the incident is considerable for us, the incident is promptly communicated to our Board of Directors and/or our Audit Committee for assessment. We believe we adopt a proactive stance, with investment in adequate resources, which makes it possible to mitigate cyber threats and protect our digital assets in the modern age. Additionally, we engage independent third parties on an as-needed basis to assess our cybersecurity capabilities, including to identify ongoing situations and assess how to mitigate any impacts on us and, if necessary, take preventive action, as well as to follow global market trends. The results of these assessments are shared with our audit committees, including the Fiscal Council. We believe the hiring of new professionals (cybersecurity service providers, auditors, consultancies, among others) reflects our dedication to continuously improving our processes and adopting what we understand to be cutting-edge tools, all with the aim of maintaining a safe environment. However, we also recognize the importance of a quick response to specific incidents when necessary. Therefore, we have flexibility to carry out targeted hirings in response to emerging demands. Our surveillance covers not only internal systems, but also service providers that have access to our environment to ensure all aspects of our ecosystem are being constantly monitored and protected.

Given we consider cyber risk to be one of our main corporate risks, we work on the various layers of security, implementing security barriers at different levels of the environment, including firewalls, antivirus, access policies, among others. Diversifying defenses increases infrastructure resilience and reduces the likelihood of successful cyberattacks. We periodically analyze cyber risks and identify possible vulnerabilities, providing actions to mitigate them. All our employees, as well as service providers, are part of this scope, and actions are taken according to each identified situation.

We believe that one of the important points for combating cyberattacks is an organizational culture that values cyber security, which is essential for strengthening defenses against digital threats. Accordingly, we take continuous action to strengthen this culture, including disseminating guidance booklets, lives and videos on the matter. Individuals should be aware of recommended security practices and should recognize signs of suspicious activity and understand their responsibilities in protecting the organization's data. Additionally, we have an information security procedure in place for information technology, available to all employees, which outlines conduct, responsibilities and operational boundaries for employees and business units.

As mentioned in our Form 6-K furnished to the SEC on October 22, 2024, on October 16, 2024, we were subject to a cyberattack, which caused instability in our digital network, leading to some non-critical systems being unavailable for a few days. We immediately took all security and control measures and put into practice a plan to restore the affected systems. Following the attack, we engaged experienced external advisors to investigate the cyberattack, including its causes, scope, and potential perpetrators.

As part of our ongoing monitoring efforts, we became aware that cybercriminals disclosed the affected data, which was unstructured, but consistent with our records. The external advisor assessed the disclosure and identified that these records included non-sensitive information and low sensitive information. We informed the ANPD in accordance with applicable law. We continue to monitor the situation and closely cooperate with the ANPD as appropriate. Our ability to maintain water supply and sewage collection and treatment operations was not affected by the cyberattack.

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As of the date of this annual report, we have not identified any risks from cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition. See "Item 3.D—Risk Factor—Risks Relating to Our Business—Our business is subject to cyberattacks and security and privacy breaches." for further details on this matter.

Cybersecurity Governance

We have instituted a governance structure for monitoring cyber risks. Our audit committees monitor the matter in meetings held at least once a year and, in such meeting, the information technology department presents the actions taken, facilitating discussions and enabling the proposal of new actions to address the matter, as necessary. These committees monitor these actions periodically, whether at ordinary or extraordinary meetings. We have a Corporate Risks area responsible for carrying out annual assessments of the main risks we face, including cyberattacks. In this assessment, we consider both the potential impact and the probability of occurrence of each cyber risk. Based on these criteria, we determine the necessary level of reporting, which ranges from reporting to our local management (for low impact risks and remote probability) to reporting to our Board of Directors (for high impact risks and imminent probability).

We have also established a security area as part of our organizational structure that acts continuously and promptly on issues related to cybersecurity, with ongoing reporting to superiors on the progress of its activities. The reporting process takes place at meetings with our Chief Information Officer and at our Audit Committee's annual meeting, where we present the progress of cybersecurity initiatives led by our security team, including our monitoring measures related to the risk of cyberattack to ensure the transparency of our activities and strategic guidance. The security area team is responsible for assessing and managing cybersecurity risks and has in-depth expertise in information and technology security, with a solid academic background and extensive professional experience in relevant areas, such as cybersecurity, computer networks, and other related topics. The team is prepared to deal with the challenges that cybersecurity presents.

In addition, we have a Security Operations Center (SOC) dedicated to the continuous monitoring of our systems, who reports to our security team. Using specialized processes, procedures and tools, the SOC aims to identify any potential security incidents. If a potential threat is detected, protocols are activated, with the mobilization of responsible teams and the use of appropriate tools. After confirming the incident, we conduct a thorough analysis of its causes, identifying the mitigation and/or remediation measures necessary to resolve the problem. During this process, we consider the relevance of each action for the effective resolution of the incident.

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PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

The following Consolidated Financial Statements, together with the reports of the independent registered public accounting firms, are filed as part of this annual report. For more information, see "Index to Consolidated Financial Statements."

ITEM 19. EXHIBITS

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(b) List of Exhibits

Item	Description
1.1*	Bylaws of the Registrant (English translation) (incorporated by reference to the Form 6-K filed on April 29, 2025)
2.1	Description of Securities registered under Section 12 of the Exchange Act.
4.1*	Agreement between the Registrant and the State Department of Water and Energy (Departamento de Águas e Energia Elétrica—DAEE), dated April 24, 1997 (English translation) (incorporated by reference to Exhibit 10.1 to the Registrant's Registration Statement on Form F-1 filed on April 8, 2002 ("April 8, 2002 Form F-1")).
4.2*	Protocol of Understanding between the Registrant and the State of São Paulo, dated September 30, 1997 (English translation) (incorporated by reference to Exhibit 10.2 to the April 8, 2002 Form F-1).
4.3*	Agreement between the Registrant and the State of São Paulo, through the Secretariat of Finance, dated September 10, 2001 (English translation) (incorporated by reference to Exhibit 10.3 to the April 8, 2002 Form F-1).
4.4*	Agreement between the Registrant and the State of São Paulo, through the Secretariat of the Treasury, dated December 11, 2001 (English translation) (incorporated by reference to Exhibit 10.4 to the April 8, 2002 Form F-1).
4.5*	Amendment to the Agreement, dated April 24, 1997, between the Registrant and the DAEE, dated March 16, 2000 (English translation) (incorporated by reference to Exhibit 10.5 to the April 8, 2002 Form F-1).
4.6*	Amendment to the Agreement, dated April 24, 1997, between the Registrant and the DAEE, dated November 21, 2001 (English translation) (incorporated by reference to Exhibit 10.6 to the April 8, 2002 Form F-1).

4.7*	First Amendment to the Agreement, dated December 11, 2001, between the Registrant and the State of São Paulo, dated March 22, 2004. (English translation) (incorporated by reference to Exhibit 4.7 to the Form 20-F filed on June 28, 2004).
4.8*	Second Amendment to the Agreement, dated December 11, 2001, between the Registrant and the State of São Paulo, dated December 28, 2007. (English translation) (incorporated by reference to the Form 6-K filed on February 25, 2008).
4.9*	Third Amendment to the Agreement, dated December 11, 2001, between the Registrant and the State of São Paulo, dated November 17, 2008. (English translation) (incorporated by reference to the Form 6-K filed on December 23, 2008).
4.10*	Commitment Agreement, between the Registrant and the State of São Paulo, dated March 26, 2008. (English translation) (incorporated by reference to the Form 6-K filed on April 28, 2008).
4.11*	The Concession Contract for URAE-1 dated May 24, 2024 (English translation).
4.12*	Convention between the State and the city of São Paulo, dated June 23, 2010, with the intermediation and consent of the Registrant and of ARSESP (English translation) (incorporated by reference to the Form 6-K filed on July 13, 2010).
4.13*	Contract to provide public water supply and sewage services, among the Registrant, the State of São Paulo and the city of São Paulo, dated June 23, 2010 (English translation) (incorporated by reference to the Form 6-K filed on July 13, 2010).
4.14*	Term of Agreement between the Registrant, the State of São Paulo and the DAEE, dated March 18, 2015 (English translation) (incorporated by reference to the Form 6-K filed on April 14, 2015).
4.15*	Notice of Transactions with Related Parties, dated November 9, 2016, (English translation) (incorporated by reference to the Form 6-K filed on November 16, 2016).
4.16*	First Amendment to the Private Instrument of Settlement and Other Covenants between the Registrant and EMAE, dated October 19, 2017 (English translation) (incorporated by reference to the Form 6-K filed on November 9, 2017).
11.1*	Code of Conduct and Integrity dated February 25, 2021 (English translation) (incorporated by reference to the Form 6-K filed on April 21, 2021).
11.2	Disclosure of Material Information and trading of Securities Policy dated August 9, 2024 (English translation) (incorporated by reference to the Form 6-K filed on September 3, 2024).
12.1	Certification of Carlos Augusto Leone Piani, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2	Certification of Daniel Szlak, Chief Financial Officer and Investor Relations Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1	Certification of Carlos Augusto Leone Piani, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002.
13.2	Certification of Daniel Szlak, Chief Financial Officer and Investor Relations Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	Compensation of Directors, Officers, Members of the Fiscal Council and Statutory Committee / Compensation Recovery Policy (Clawback) dated March 28, 2025 (English Translation) (incorporated by reference to the Form 6-K filed on April 26, 2025).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

COMPANHIA DE SANEAMENTO BÁSICO DO ESTADO DE SÃO PAULO - SABESP

By: /s/ Carlos Augusto Leone Piani

Name: Carlos Augusto Leone Piani

Title: Chief Executive Officer

By: /s/ Daniel Szlak

Name: Daniel Szlak

Title: Chief Financial Officer and Investor Relations Officer

Date: April 30, 2025

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Companhia de Saneamento Básico do Estado de São Paulo - SABESP

Consolidated Financial Statements as at December 31, 2024 and 2023
And for the years ended
December 31, 2024, 2023 and 2022

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Board of Directors
Companhia de Saneamento Básico do Estado de São Paulo - SABESP
São Paulo – SP

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of financial position of Companhia de Saneamento Básico do Estado de São Paulo - SABESP (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of income and comprehensive income, changes in equity, and cash flows for each of the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated April 30, 2025 expressed an adverse opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the

consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

1. Concession infrastructure for sanitation services (Contract assets and Intangible assets)

As disclosed in Notes 14 and 15 to the consolidated financial statements, the Company has contract assets and intangible assets of R$ 4,877,667 thousand and R$ 44,771,124 thousand, respectively, as at December 31, 2024. Contract assets are recorded as a result of the concession agreements and represent assets under construction which are transferred to intangible assets after completion of the construction work, when they become available for use. The intangible assets amortization reflects the period during which the Company expects to consume the economic benefits arising from the assets, whether corresponding to the concession term or the assets' useful lives. The intangible assets amortization ceases when the assets are fully consumed or written-off, whichever occurs first, or when there is indication of impairment.

We identified the existence of contract assets, impairment of contract assets and intangible assets as a critical audit matter because of management's judgments and assumptions. With respect to contract assets, management's judgments and assumptions included: (i) the nature of assets and the status of related projects, (ii) completion date of projects, (iii) analysis of projects with minimal capitalization activity during the period for potential impairment indicators, and (iv) capitalization of financial interests during construction phase. With respect to intangible assets, management's judgments and assumptions included:(i) assumptions related to useful life of assets against regulatory terms and requirements, and (ii) assumptions and judgments related to assessment of potential impairment indicators. Auditing management's judgments and assumptions involved especially challenging auditor judgment due to the nature and extent of audit effort required to address these matters.

The primary procedures we performed to address this critical audit matter included:

With respect to contract assets:

- Evaluating projects with minimal capitalization activity during the year and assessing potential impairment indicators;
- Visiting a sample of site projects of contract assets and inspecting the status of construction and related nature of assets in comparison with the business purpose of the construction and assessing potential impairment indicators;
- Testing a sample of additions to contract assets to assess the nature of assets against supporting documentation;
- Testing for a sample of projects the completion date of contract projects and the start date of amortization for a sample of additions to intangible assets;
- Performing independent inventory counting procedures for a sample of contract assets; and
- Evaluating the appropriateness of management's assumptions to capitalize financial interest within contract assets during construction phase.

With respect to intangible assets:

- Evaluating the appropriateness of management's policies and procedures to record intangible assets and assumptions used in the impairment analysis of intangible assets; and
- Testing the reasonableness of the expected useful lives of intangible assets for a sample of assets against concession terms, expected useful lives of similar assets and bifurcation of financial concession assets for the assets not fully amortized by the end of the concession agreement.

2. Concession financial asset (Indemnity)

As disclosed in Note 16 to the consolidated financial statements, the Company has a concession financial asset of indemnity of R$ 17,601,626 thousand as of December 31, 2024 as a result of contract modification with 371 municipalities organized under the Regional Unit of Drinking Water Supply and Sewage Services of the Southeast Region ('URAE-1') that came into force on July 23, 2024. This resulted in the 'bifurcation' of R$ 8,450,316 from intangible assets and the Company accrued R$ 9,151,310 as financial income in accordance with the new contract.

We identified the impacts of the contract change with URAE-1 and evaluation of the contract financial assets as a critical audit matter because of management's judgments and assumptions to support the 'bifurcation' of the concession financial assets (indemnity) and the related financial income impacting the results of operations, including: (i) considerations of applicable regulatory requirements, (ii) considerations of the terms of new contract with URAE-1, and (iii) manual computation of the information supporting the balance of the account and its impact on results of operations. Auditing management's judgments and assumptions involved especially challenging auditor judgment due to the nature and extent of audit effort required to address these matters.

The primary procedures we performed to address this critical audit matter included:

- Assessing relevant terms and conditions of the new contract agreement with URAE-1 and evaluating relevant management's judgments and assumptions used to support the 'bifurcation' of the contract financial asset;
- Evaluating the appropriateness of management's judgments and assumptions to account for the new contract as a contract modification against relevant accounting guidance;
- Evaluating the appropriateness of management's judgments and assumptions, including consideration of applicable regulatory requirements, to select the indemnifiable assets for bifurcation;
- Testing management's assets reconciliation against the most recent asset regulatory records; and
- Testing manual calculations supporting the financial income impacting the current year operations and the related balance at the year-end date.

BDO RCS Auditores Independentes SS Ltda.

We have served as the Company's auditor since 2023.

São Paulo-SP, Brazil
April 30, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Companhia de Saneamento Básico do Estado de São Paulo – SABESP

Opinion on the financial statements

We have audited the accompanying balance sheet of Companhia de Saneamento Básico do Estado de São Paulo – SABESP (the "Company") as of December 31, 2022 (not presented herein), and the related statement of income, comprehensive income, changes in shareholders' equity and cash flows for the year ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year ended December 31, 2022, in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Grant Thornton Auditores Independentes Ltda.

We have served as the Company's auditor from 2020 to 2022.

São Paulo, Brazil

April 25, 2023

Companhia de Saneamento Básico do Estado de São Paulo - SABESP

Consolidated Statements of Financial Position as of December 31, 2024 and 2023

Amounts in thousands of reais

Assets	Note	December 31, 2024	December 31, 2023
Current			
Cash and cash equivalents	7	1,682,606	838,484
Financial investments	8 (a)	3,699,694	2,426,752
Trade receivables	10 (a)	3,894,557	3,584,287
Accounts receivable from related parties	11 (a)	319,546	261,280
Inventories		10,818	86,008
Restricted cash	9	37,715	54,944
Recoverable taxes	19 (a)	800,811	494,647

Derivative financial instruments	5.1 (d)	67,440	-
Other assets		95,673	37,048
Total current assets		10,608,860	7,783,450
Noncurrent			
Financial investments	8 (b)	769,057	-
Trade receivables	10 (a)	327,798	272,436
Accounts receivable from related parties	11 (a)	908,875	935,272
Escrow deposits		139,222	130,979
Deferred income tax and social contribution	21 (a)	-	98,076
Water and Basic Sanitation National Agency – ANA		1,993	2,673
Other assets		135,227	159,017
Investments	12	215,803	161,863
Investment properties	13	46,630	46,678
Contract assets	14	4,877,667	7,393,096
Financial asset (indemnity)	16	17,601,626	-
Intangible assets	15	44,771,124	44,012,858
Property, plant and equipment	17	561,548	474,559
Total noncurrent assets		70,356,570	53,687,507
Total assets		80,965,430	61,470,957

The accompanying notes are an integral part of these consolidated financial statements.

Companhia de Saneamento Básico do Estado de São Paulo - SABESP

Consolidated Statements of Financial Position as of December 31, 2024 and 2023

Amounts in thousands of reais

Liabilities and equity	**Note**	**December 31, 2024**	**December 31, 2023 (Reclassified)**
Current			
Trade payables and contractors		766,609	456,215
Borrowings and financing	18	3,133,850	2,616,406
Labor and social obligations	23	1,286,193	807,440
Taxes and contributions	19 (b)	591,271	511,972
Dividends and interest on capital payable	26 (b)	2,275,890	837,391
Provisions	22 (a)	1,546,185	1,064,367
Services payable	25	1,438,507	750,732
Public-Private Partnership - PPP	15 (d)	452,323	487,926
Program Contract Commitments	15 (c) (iv)	-	21,969
Performance Agreements	15 (g)	287,109	634,501
Other liabilities		194,308	218,923
Total current liabilities		11,972,245	8,407,842

Noncurrent			
Borrowings and financing	18	22,124,447	16,919,944
Deferred income tax and social contribution	21 (a)	2,661,891	-
Deferred PIS/Cofins	20	1,117,804	164,097
Provisions	22 (a)	895,495	762,065
Pension plan obligations	24	1,931,145	2,142,871
Public-Private Partnership - PPP	15 (d)	2,853,896	2,798,688
Program Contract Commitments	15 (c) (iv)	-	12,047
Performance agreements	15 (g)	137,441	168,298
Other liabilities		343,012	237,729
Total non-current liabilities		32,065,131	23,205,739
Total liabilities		44,037,376	31,613,581
Equity			
Capital stock	26 (a)	15,000,000	15,000,000
Earnings reserves		21,647,715	14,711,014
Other comprehensive income	26 (g)	280,339	146,362
Total equity	26	36,928,054	29,857,376
Total Equity and Liabilities		80,965,430	61,470,957

The accompanying notes are an integral part of these consolidated financial statements.

Companhia de Saneamento Básico do Estado de São Paulo - SABESP

Consolidated Statements of Income for the Years ended December 31, 2024, 2023 and 2022

Amounts in thousands of reais, unless otherwise indicated

	Note	2024	2023	2022
Net operating revenue	30	36,145,477	25,572,056	22,055,720
Operating costs	31	(16,603,073)	(16,051,866)	(14,350,903)
Gross profit		19,542,404	9,520,190	7,704,817
Selling expenses	31	(917,589)	(984,060)	(911,967)
Allowance for doubtful accounts	10 (c)	(557,789)	(652,920)	(782,057)
Administrative expenses	31	(2,311,438)	(1,597,548)	(1,398,507)
Other operating income (expenses), net	33	(280,450)	27,925	8,327
Equity accounting	12	35,322	32,393	24,551
Profit from operations before financial income (expenses) and income tax and social contribution		15,510,460	6,345,980	4,645,164

Financial expenses	32	(2,701,304)	(2,708,617)	(1,956,266)
Financial revenues	32	1,044,151	805,905	1,091,531
Exchange result, net	32	(210,499)	310,716	492,321
Financial result, net		(1,867,652)	(1,591,996)	(372,414)
Profit before income tax and social contribution		13,642,808	4,753,984	4,272,750
Income tax and social contribution				
Current	21 (d)	(1,302,648)	(1,545,671)	(1,230,234)
Deferred	21 (d)	(2,760,597)	315,218	78,751
		(4,063,245)	(1,230,453)	(1,151,483)
Profit for the year		9,579,563	3,523,531	3,121,267
Earnings per share – basic and diluted (in reais)	27	14.02	5.16	4.57

The accompanying notes are an integral part of these consolidated financial statements.

Companhia de Saneamento Básico do Estado de São Paulo - SABESP

Consolidated Statements of Comprehensive Income for the Years ended December 31, 2024, 2023 and 2022

Amounts in thousands of reais

	Note	2024	2023	2022
Profit for the year		9,579,563	3,523,531	3,121,267
Other comprehensive income		133,977	(31,281)	131,269
Items which will be subsequently reclassified to the income statement:				
Retained earnings (accumulated losses) on cash flow hedge, net of tax	5.1 (d)	(8,350)	-	-
Items which will not be subsequently reclassified to the income statement:				
Actuarial gains and (losses) on defined benefit Plans, net of income tax	24	142,327	(31,281)	131,269
Total comprehensive income for the year		9,713,540	3,492,250	3,252,536

The accompanying notes are an integral part of these consolidated financial statements.

Companhia de Saneamento Básico do Estado de São Paulo - SABESP

Consolidated Statements of Changes in Equity for the Years ended December 31, 2024, 2023 and 2022

Amounts in thousands of reais, unless otherwise indicated

			Earnings reserves					
	Note	Capital stock	Legal Reserve	Investment reserve	Complementary minimum dividend	Retained earnings	Other comprehensive loss	Total
Balances as of December 31, 2021		15,000,000	1,532,365	8,297,489	55,631	-	46,374	24,931,859
Net income for the year		-	-	-	-	3,121,267	-	3,121,267
Actuarial gains (losses)	24	-	-	-	-	-	131,269	131,269
Total comprehensive income for the year		-	-	-	-	3,121,267	131,269	3,252,536
Legal reserve	26 (b)	-	156,063	-	-	(156,063)	-	-
Interest on capital (R$1.08455 per share)	26 (b)	-	-	-	-	(741,301)	-	(741,301)
Complementary minimum dividends of 2021, approved (R$0.08139 per share)		-	-	-	(55,631)	-	-	(55,631)
Complementary minimum dividends (R$ 0.19145 per share)	26 (b)	-	-	-	130,857	(130,857)	-	-
Withholding income tax on interest on capital attributable as minimum mandatory dividends	26 (b)	-	-	-	(53,930)	-	-	(53,930)
Transfer to investments reserve	26 (e)	-	-	2,093,046	-	(2,093,046)	-	-
Balances as of December 31, 2022		15,000,000	1,688,428	10,390,535	76,927	-	177,643	27,333,533
Net income for the year		-	-	-	-	3,523,531	-	3,523,531
Actuarial gains (losses)	24	-	-	-	-	-	(31,281)	(31,281)
Total comprehensive income for the year		-	-	-	-	3,523,531	(31,281)	3,492,250
Legal reserve	26 (b)	-	176,177	-	-	(176,177)	-	-
Interest on capital	26 (b)	-	-	-	-	(836,839)	-	(836,839)

(R$1.22433 per share)								
Complementary minimum dividends of 2022, approved (R$0.11255 per share)		-	-	-	(76,927)	-	-	(76,927)
Complementary minimum dividends (R$ 0.21607 per share)	26 (b)	-	-	-	147,689	(147,689)	-	-
Withholding income tax on interest on capital attributable as minimum mandatory dividends	26 (b)	-	-	-	(54,641)	-	-	(54,641)
Transfer to investments reserve	26 (e)	-	-	2,362,826	-	(2,362,826)	-	-

The accompanying notes are an integral part of these consolidated financial statements.

Companhia de Saneamento Básico do Estado de São Paulo - SABESP

Consolidated Statements of Changes in Equity for the Years ended December 31, 2024, 2023 and 2022

Amounts in thousands of reais, unless otherwise indicated

Balances as of December 31, 2023		15,000,000	1,864,605	12,753,361	93,048	-	146,362	29,857,376
Net income for the year		-	-	-	-	9,579,563	-	9,579,563
Cash flow hedge		-	-	-	-	-	(8,350)	(8,350)
Actuarial gains (losses)	24	-	-	-	-	-	142,327	142,327
Total comprehensive income for the year		-	-	-	-	9,579,563	133,977	9,713,540
Legal reserve	26 (b)	-	478,978	-	-	(478,978)	-	-
Interest on capital (R$2.28 per share)	26 (b)	-	-	-	-	(1,556,454)	-	(1,556,454)
Dividends for the year (R$1.05 per share)		-	-	-	-	(718,692)	-	(718,692)
Complementary minimum dividends of 2023, approved (R$ 0.14 per share)	26 (b)	-	-	-	(93,048)	-	-	(93,048)
Withholding income tax on interest on capital attributable as minimum mandatory dividends	26 (b)	-	-	-	-	(274,668)	-	(274,668)
Transfer to investments reserve	26 (e)	-	-	6,550,771	-	(6,550,771)	-	-
Balances as of December 31, 2024		15,000,000	2,343,583	19,304,132	-	-	280,339	36,928,054

The accompanying notes are an integral part of these consolidated financial statements.

Companhia de Saneamento Básico do Estado de São Paulo - SABESP

Consolidated Statements of Cash Flows for the

	December 31, 2024	December 31, 2023	December 31, 2022
Cash flow from operating activities			
Profit before income tax and social contribution	**13,642,808**	**4,753,984**	**4,272,750**
Adjustments for:			
Depreciation and amortization	2,676,642	2,790,586	2,450,849
Residual value of property, plant and equipment, intangible assets, contract assets and investment properties written-off	171,173	8,354	10,110
Bad debt expense	557,789	652,920	782,057
Provisions and inflation adjustment of provisions	801,179	458,889	630,689
Interest calculated on borrowings and financing payable	1,655,765	1,314,359	1,091,592
Inflation adjustment and exchange (losses) gains on borrowings and financing	659,475	(163,322)	(301,716)
Market value adjustment of financings (fair value hedge)	34,388	-	-
Interest and inflation adjustments, net	(237,617)	(79,232)	(377,832)
Finance charges from customers	(437,811)	(374,902)	(328,486)
Construction margin on intangible assets arising from concession agreements	(139,976)	(125,603)	(109,369)
Provision for Consent Decree (TAC), Knowledge Retention Program (PRC), Incentivized Dismissal Program (PDI), and Voluntary Dismissal Program (PDV)	354,078	356,300	(1,238)
Equity accounting	(35,322)	(32,393)	(24,551)
Interest and monetary adjustments on PPP	589,330	1,001,078	489,197
Transfer to the São Paulo Municipal Government	309,807	195,874	167,714
Pension plan obligations	161,505	238,751	183,262
Adjustment for the reclassification of derivative financial instruments	(324,778)	-	-
Financial asset adjustment (indemnities)	(9,151,310)	-	-
Deferred PIS/Cofins on financial assets (indemnity)	822,482	-	-
Other adjustments	108,901	21,997	15,488
	12,218,508	**11,017,640**	**8,950,516**
Changes in assets			
Trade receivables	(442,312)	(835,324)	(489,885)
Accounts receivable from related parties	(25,429)	(4,553)	(295,091)
Inventories	(13,785)	38,239	(10,741)
Recoverable taxes	(306,163)	(251,741)	33,198
Escrow deposits	50,547	72,469	5,348
Other assets	(2,668)	36,091	18,264
Changes in liabilities			
Trade payables and contractors	(437,694)	(394,188)	(220,462)
Services payable	377,968	(168,384)	86,501
Accrued payroll and related taxes	77,973	19,377	73,126
Taxes and contributions payable	265,189	186,810	120,853
Deferred PIS/Cofins	131,225	4,374	267
Provisions	(185,932)	(243,241)	(468,398)
Pension plan obligations	(227,233)	(249,488)	(239,174)
Other liabilities	(335,726)	(868,699)	(722,549)
Cash generated from operations	**11,144,468**	**8,359,382**	**6,841,773**
Interest paid	(1,976,694)	(1,936,419)	(1,505,488)
Income tax and social contribution paid	(1,763,206)	(1,568,611)	(1,368,686)
Net cash generated from operating activities	**7,404,568**	**4,854,352**	**3,967,599**

Cash flows from investing activities			
Acquisition of contract assets and intangible assets	(7,929,946)	(3,991,325)	(3,550,537)
Restricted cash	17,229	(17,470)	(9,007)
Financial invesments – investment	(6,456,564)	(1,559,808)	(426,171)
Financial invesments – redemption	5,303,658	816,965	1,181,683
Financial invesments – non-current	(769,057)	-	-
Additions to investments	(40,234)	(6,625)	(648)
Purchase of property, plant and equipment	(100,728)	(147,249)	(73,668)
Net cash used in investing activities	**(9,975,642)**	**(4,905,512)**	**(2,878,348)**

The accompanying notes are an integral part of these consolidated financial statements.

Companhia de Saneamento Básico do Estado de São Paulo - SABESP

Consolidated Statements of Cash Flows for the Years ended December 31, 2024, 2023 and 2022
Amounts in thousands of reais (continued)

	December 31, 2024	December 31, 2023	December 31, 2022
Cash flows from financing activities			
Borrowings and financing			
Funding	6,870,754	2,371,111	2,807,026
Amortization payment	(2,246,263)	(1,771,090)	(1,536,724)
Payment of interest on capital	(928,851)	(823,671)	(603,541)
Public-Private Partnership - PPP	(569,725)	(673,645)	(590,201)
Program Contract Commitments	(35,497)	(81,357)	(16,255)
Derivative financial instruments received	324,778	-	-
Capital increase	-	811	-
Net cash generated by (used in) financing activities	**3,415,196**	**(977,841)**	**60,305**
Increase / (decrease) in cash and cash equivalents	**844,122**	**(1,029,001)**	**1,149,556**
Represented by:			
Cash and cash equivalents at the beginning of the year	838,484	1,867,485	717,929
Cash and cash equivalents at the end of the year	1,682,606	838,484	1,867,485
Increase / (decrease) in cash and cash equivalents	**844,122**	**(1,029,001)**	**1,149,556**

The accompanying notes are an integral part of these consolidated financial statements.

Companhia de Saneamento Básico do Estado de São Paulo - SABESP

Notes to the Consolidated Financial Statements

1 Operations

Companhia de Saneamento Básico do Estado de São Paulo ("SABESP" or the "Company") is a publicly-held company headquartered in the municipality of São Paulo, at Rua Costa Carvalho, 300, CEP 05429-900. The Company is engaged in the provision of basic and environmental sanitation services in the São Paulo State and supplies treated water and sewage services on a wholesale basis.

In addition to providing basic sanitation services in the State of São Paulo, SABESP may perform activities in other states and countries, and can operate in drainage, urban cleaning, solid waste handling and energy markets. SABESP aims to be a world reference in the provision of sanitation services, in a sustainable, competitive and innovative manner, with a focus on customers.

As of December 31, 2024, the Company operated water and sewage services in 375 municipalities of the São Paulo State.

As of July 23, 2024, a new Concession Agreement between SABESP and the Regional Unit of Drinking Water Supply and Sewage Services of the Southeast Region (URAE-1) became effective, covering 371 municipalities and valid until October 19, 2060.

As of December 31, 2024, at URAE-1, the accounting balance of intangible assets, contract assets and financial asset (indemnity) was R$ 65,783,885, representing 97.82% of the consolidated. Revenues from sanitation services totaled R$ 32,433,660, representing 99.33% of the consolidated.

For comparison purposes, as of December 31, 2023, the accounting balance of intangible assets and contract asset was R$ 49,789,584, representing 96.85% of the consolidated. Revenues from sanitation services totaled R$ 21,328,553, representing 99.14% of the consolidated.

Management expects that the funds raised with the improved water security from the works carried out, the generation of operational cash, and credit lines available for investments, will be sufficient to meet the Company’s commitments and not compromised the necessary investments.

The Company's shares have been listed on the “Novo Mercado” segment of B3 under ticker SBSP3 since April 2002 and on the New York Stock Exchange (NYSE) as Level III American Depositary Receipts (“ADRs”), under SBS, since May 2002.

Since 2008, the Company has been setting up partnerships with other companies, which resulted in the following companies: Sesamm, Águas de Andradina, Saneaqua Mairinque, Aquapolo Ambiental, Águas de Castilho, Attend Ambiental, Paulista Geradora de Energia, Cantareira SP Energia, FOXX URE-BA Ambiental and Infranext Soluções em Pavimentação. Although SABESP has no majority interest in the capital stock of these companies, the shareholders' agreements provide for the power of veto and casting votes on certain issues jointly with associates, indicating the shared control in the management of these investees, except for Saneaqua Mairinque, which, as of August 2020, no longer has a shared control.

Approvals

The consolidated financial statements were approved by the Chief Executive Officer and Chief Financial Officer on April 30, 2025.

2 Basis of preparation and presentation of the consolidated financial statements

The Company's consolidated financial statements have been prepared according to the International Financial Reporting Standards – IFRS, issued by the International Accounting Standards Board – IASB. All material information related to the financial statements, and this information alone, is being disclosed and corresponds to the information used by the Company's Management in its administration.

The consolidated financial statements have been prepared under the historical cost except for certain financial instruments measured at fair value when required by the standards.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree to judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are described in Note 6.

3 Summary of material information on accounting policies

The material information of the accounting policies applied in the preparation of these consolidated financial statements are defined below and have been applied consistently in all years presented.

- **Reclassification – Performance Agreements (current and non-curret liabilities)**

Given the relevance of the performance agreements, the Company segregated the respective amounts previously recorded under "other liabilities" in current and noncurrent liabilities for the year ended December 31, 2024 (including the comparative information for December 31, 2023), to the "performance agreements" line item in current and noncurrent liabilities, as shown below:

Liabilities	Note	December 31, 2023	Reclassification	December 31, 2023 (Reclassified)
Current				
Performance agreements	15 (g)	-	634,501	634,501
Other liabilities		853,424	(634,501)	218,923
Noncurrent				
Performance agreements	15 (g)	-	168,298	168,298
Other liabilities		406,027	(168,298)	237,729

3.1 Consolidation

The Company controls an entity when (i) it has power over the investee; (ii) it is exposed to, or has rights to, variable returns from its involvement with the investee; and (iii) it has the ability to use its power to affect its returns.

When the Company does not hold the majority of voting rights in an investee, it will have power over the investee when the voting rights are sufficient to give it the practical ability to unilaterally conduct the relevant activities of the investee. When assessing whether SABESP's voting rights in an investee are sufficient to give it power, the Company considers all relevant facts and circumstances, including (i) the Company's proportionate interest in voting rights regarding the interests of other voting right holders; (ii) potential voting rights held by the Company, other voting right holders, or other parties; (iii) rights arising from other contractual agreements; and (iv) any additional facts and circumstances that indicate whether the Company has the ability to conduct the relevant activities of the investee.

The financial statements of the subsidiary are included in the consolidated financial statements from the date the Company obtains control until the date when such control ceases to exist. Revenues and expenses of a subsidiary acquired or disposed of during the fiscal year are included in the results from the date the Company obtains control until the date when the Company ceases to control the subsidiary.

The subsidiary's financial statements have been prepared for the same reporting date as the parent company.

All intragroup balances, revenues, expenses, and unrealized gains and losses from intragroup transactions have been eliminated. Other comprehensive results of the parent company, where applicable, will be directly recorded in the Company’s equity, under “other comprehensive results”.

As of December 31, 2024 and 2023, SABESP held 100% of direct interest in Sabesp Olímpia S/A.

3.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits, overdraft accounts and other short-term highly liquid investments with maturities and intention of use by the Company's Management in a period lower than three months.

3.3 Financial assets and liabilities

Financial assets - Classification

The Company classifies its financial assets according to the following categories: measured at amortized cost, measured at fair value through other comprehensive income, and measured at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets at inception. As of December 31, 2024, the Company had financial assets classified in the three categories mentioned above and as of December 31, 2023, they were classified under amortized costs only.

Amortized cost

This category includes financial assets that meet the following conditions (i) assets held within the business model to hold financial assets to collect contractual cash flows; and (ii) the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are recorded at fair value and subsequently at amortized cost, under the effective interest rate method, except for trade receivables, which are initially measured at transaction price, as it contains no financing items, and are subsequently measured at amortized cost.

Fair value through other comprehensive income

In this category, the changes in assets and liabilities of the fair value of derivative instruments designated as cash flow hedge used by the Company to protect against the risk and variability of future cash flows from financing denominated in U.S. dollars are recognized.

Fair value through profit or loss

In this category, the changes in assets and liabilities of the fair value of derivative instruments designated as fair value used by the Company to protect against the risk and variability of financing denominated in Yen are recognized.

Financial liabilities - Classification

The Company classifies its financial liabilities as measured at amortized cost or at fair value through profit or loss. The classification depends on the purpose for which the financial liabilities were assumed. As of December 31, 2024, the Company had financial liabilities classified in the two categories mentioned above and as of December 31, 2023, they were classified under amortized cost only.

Amortized cost

This category includes balances payable to contractors and suppliers, borrowings and financing in local currency, services payable, balances payable under Public-Private Partnerships (PPPs) and program and contract commitments.

The effective interest rate method is adopted to calculate the amortized cost of a financial liability and allocate its interest expense under the respective period. The effective interest rate exactly deducts the estimated future cash flows (including fees, transaction costs, and other issue costs) over the estimated life of the financial liability or, when appropriate, during a shorter period, for the initial recognition of the net carrying amount.

Fair value through profit or loss

In this category, the financings denominated in U.S. dollars and Yen for which the Company contracted derivative instruments designated as cash flow hedge and fair value hedge, respectively, to protect against the risk and variability in future cash flows are recognized.

Derivative financial instruments and hedge accounting

Since 2024, the Company has been entering into foreign currency swap derivative financial instruments ("Cross currency interest rate swap") to hedge its financing denominated in foreign currency (U.S. dollar and Japanese yen). Initially, derivatives are recognized at fair value on the contract date and are subsequently remeasured at fair value. The method used for recognizing gains or losses in either profit or loss for the year or in other comprehensive income depends on whether the derivative is designated as a hedging instrument in cases where hedge accounting is applied. If so, the method depends on the nature of the item being hedged.

Starting in December 2024, the Company adopted hedge accounting and designated swap derivatives contracted as fair value hedge and cash flow hedge to protect financing denominated in foreign currency (U.S. dollar and yen).

a) Fair value hedge

The Company applies fair value hedge accounting to protect against the risk of fixed-rate financing denominated in foreign currency (Yen). The gain or (loss) resulting from changes in the fair value of derivatives designated and qualified as fair value hedge is recorded in the income statement under "Financial income (expenses), net", along with any changes in the fair value of

the hedged financing liability. The gain or loss related to the ineffective portion of the hedge is also recognized in the income statement under "Financial income (expenses), net".

See details in Note 5.1 (d).

b) Cash flow hedge

The Company applies cash flow hedge accounting to protect against the risk of floating-rate financing denominated in foreign currency (U.S. dollar). Changes in the fair value of derivatives designated and qualified as cash flow hedges are recorded and accumulated under "Other Comprehensive Income (OCI)" in equity, along with changes in the fair value of the hedged financing liability, calculated at present value from the date the hedging instrument is designated.

See details in Note 5.1 (d).

c) Hedge ineffectiveness

Hedge ineffectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure an economic relationship exists between the hedged item and the hedging instrument. The Company contracts derivatives with critical terms similar to those of the hedged items, such as reference rate, reset dates, payment dates, maturities, and notional amount.

Hedge ineffectiveness in interest rate swaps is assessed by the Company and may arise due to (i) credit valuation adjustments/debit valuation adjustments on interest rate swaps that are not matched by the borrowing; and (ii) differences in key terms between interest rate swaps and borrowings.

d) Derivatives measured at fair value through profit or loss

Where applicable, when certain derivative instruments do not qualify for hedge accounting, changes in the fair value of any of these derivative instruments are recognized immediately in the income statement under "Other operating income (expenses), net".

Impairment of financial assets

- **Accounts receivable**

Due to the characteristics of the Company's accounts receivable such as (i) insignificant financial component; (ii) non-complex receivables portfolio; and (iii) low credit risk, the simplified approach of expected credit loss, was adopted – it consists of recognizing the expected credit loss based on the asset's useful life.

The methodology to calculate the allowance for doubtful accounts consisted of using an estimate calculated based on the average default observed in the last 36 months, per maturity range, in addition to estimating the recovery of credits overdue for more than 360 days, based on the track record of the last three years. It also considered the category of private and public customers and segregated accounts receivable among the regular consumption accounts and agreements. The Company concluded correlation analyses between macroeconomic indicators—Gross Domestic Product (GDP), Unemployment Rate, and the Extended Consumer Price Index (IPCA)—and its historical delinquency rates and found no significant impact on the calculation of expected losses.

- **Deposit transactions and financial investments measured at amortized cost**

The Company analyzes changes in the rates of investments in bank deposit certificates and information obtained from regulatory agencies about the financial institutions. The likelihood of delinquency over 12 months was based on historical data provided by credit rating agencies for each credit level and analyzed in terms of sensitivity based on current returns.

These deposits and financial investments are subject to an insignificant risk of change in value.

3.4 Operating revenue

(a) Revenue from sanitation services

Revenue from water supply and sanitation services are recognized as water is consumed and services are provided. Revenues, including unbilled revenues, are recognized at the fair value of the consideration received or receivable for the rendering of those services. Revenue is shown net of value-added tax, rebates and discounts. Unbilled revenues represent incurred revenues in which the services were provided, but not yet billed until the end of each period and are recorded as trade receivables based on monthly estimates of the completed services.

Revenues are recognized based on IFRS 15 Revenue from Contracts with Customers, which establishes a five-step model applicable to revenue from a contract with a customer. Revenues are recognized when: i) it identifies contracts with customers; ii) it identifies the different contract obligations; iii) it determines the transaction price; iv) it allocates the transaction price to the performance obligations in the contracts; and (v) it satisfies all performance obligations. Disputed amounts are recognized as revenue when collected.

(b) Construction revenue

Revenue from construction is recognized in accordance with IFRS 15 (Revenue from Contracts with Customers) and IFRIC 12 (Service Concession Arrengements), as all performance obligations are satisfied over time. During the construction of the contract, an asset is classified as a contract asset, in which the Company estimates that the fair value of its consideration is equivalent to

expected construction costs plus margin. The fee represents the additional margin related to the work performed by the Company in relation to such construction contracts and it is added to construction costs, resulting in the construction revenue.

(c) Revenue from the adjustment of the financial asstes (indemnity)

Update of assets classified as financial assets (indemnity), as described in Note 3.10 (b). The amounts are recognized based on the difference between the fair value adjustment of assets, using the Extended National Consumer Price Index (IPCA), and the amortized cost of the bifurcated intangible asset.

3.5 Trade receivables and allowance for doubtful accounts

Trade receivables are amounts due from customers for services performed in the ordinary course of business. These are classified as current assets, except when maturity exceeds 12 months after the end of the reporting date, when they are presented as noncurrent assets.

The Company establishes an allowance for doubtful accounts for receivable balances at an amount that Management considers to be sufficient to cover eventual losses, as described in Note 3.3.

3.6 Inventories

Inventories comprise supplies for consumption and maintenance of the water and sewage systems and are stated at the lowest between the average cost of acquisition or realizable value and are classified in current assets.

3.7 Investment properties

Investment properties are recorded at the acquisition or construction cost, less accumulated depreciation, except for the land group, calculated by the straight-line method at rates that consider the estimated useful life of the assets. Expenditures related to repairs and maintenance are recorded in the income statement when incurred.

The Company also maintains some assets for undetermined use in the future, i.e. it is not defined whether they will be used in the operation or sold in the short term during the ordinary course of business.

3.8 Contract Assets

Contract Assets (construction work in progress) represent the right to consideration in exchange for goods or services transferred to customers. As established by IFRS 15 - Revenue from

Contracts with Customers, assets subject to the concession under construction, recorded under the scope of IFRIC 12 – Service Concession Arrangements, must be classified as Contract Asset during the construction period and transferred to Intangible Assets after the conclusion of the works.

A Contract Asset is recognized at fair value, including the capitalization of labor, construction margin, interest, and other financial charges capitalized during the construction period of qualifying assets, where applicable, based on the weighted average rate of borrowings in effect on the capitalization date. A qualifying asset necessarily requires a substantial period, established by the Company as being higher than 12 months, to be ready for use, considering the completion period of the works, given that most of them take on average more than 12 months to be completed, which corresponds to one fiscal year of the Company.

The infrastructure construction values are recognized as revenue, at fair value, provided that they generate future economic benefits. The accounting policy to recognize construction revenue is described in Note 3.4 (b).

3.9 Property, plant and equipment

Property, plant and equipment comprise mainly administrative facilities not composing the assets subject to the concession agreements. Those assets are stated at acquisition or construction cost less depreciation and impairment losses, as applicable. Where applicable, interest, other finance charges, and inflationary effects resulting from financing effectively applied to construction in progress are recorded as the cost of the respective property, plant and equipment for the qualifying assets. A qualifying asset necessarily requires a substantial period, established by the Company as being higher than 12 months, to be ready for use, considering the completion period of the works, given that most of them take on average more than 12 months to be completed, which corresponds to one fiscal year of the Company.

Subsequent costs are included in the existing asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefit associated with the item will flow to the Company and the cost of the item can be reliably measured. Repairs and maintenance are charged to the income statement of the year, as incurred.

The depreciation of property, plant, and equipment begins when such an item becomes available for use, in its location, and under the necessary condition, when this asset becomes operational. Depreciation is calculated using the straight-line method and the average rates are presented in Note 17 (a). Land is not depreciated.

The useful lives of assets are revised and adjusted, where applicable, at the end of each year.

Gains and losses on disposals are determined by the difference between the sales value and residual book balance and are recognized in profit or loss, under other operating income (expenses).

3.10 Intangible assets

Intangible assets are those arising from concession contracts, and the main costs are transferred from the Contract Asset, as described in Note 3.8.

The amortization of an intangible assets begins when it becomes available for use, in its location and necessary condition when this asset becomes operational. The amortization reflects the period in which it is expected that the asset's future economic benefits are consumed by the Company, which may be the final term of the concession or their useful life.

The amortization of intangible assets ends when the asset is fully consumed or written off, whatever occurs first.

Donations in assets, received from third parties and government entities to allow the Company to render water supply and sewage services are not recorded in the consolidated financial statements, since these assets are owned by the granting authority.

Financial resources received as donations for infrastructure construction are recorded under "Other operating income".

For the concession agreement with URAE-1, established with the privatization of the Company in July 2024, the investments made and not amortized until the end of the concession are accounted for as a Financial Asset (Note 16).

(a) Concession agreements/program contracts/service contracts

The Company operates concession agreements including the rendering of basic sanitation, environmental, water supply and sewage services signed with the granting authorities. The infrastructure used by SABESP related to service concession arrangements is considered to be controlled by the granting authority when:

(i) The granting authority controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and

(ii) The granting authority controls the infrastructure, i.e., retains the right to take back the infrastructure at the end of the concession.

The rights over the infrastructure operated under the concession agreements are accounted for as an intangible asset as the Company has the right to charge for the use of the infrastructure assets, and the users (consumers) must pay for the services.

Intangible assets related to the concessions, are amortized on a straight-line basis over the contract period or useful life of the underlying asset, whichever occurs first.

The details referring to the amortization of intangible assets are described in Note 15 (e).

(b) Financial asset of the concession (indemnifiable asset)

During the effectiveness of the concession agreements, SABESP makes continuous investments to ensure the quality and continuity of services, and may replace assets related to the concession until the expiration of the contract.

At the end of the concession, infrastructure assets are returned to the granting authority through compensation, when provided for in the agreement, calculated based on the fair value updated by the IPCA. SABESP recognizes as a financial asset the portion of investments in reversible assets that have not yet been amortized at the end of the agreement, recording its update as operational revenue, in line with the Company's business model.

(c) Software license of use

Software licensing is capitalized based on acquisition costs and other implementation costs. Amortizations are recorded according to the useful life and the expenses associated with maintaining them are recognized in profit or loss when incurred.

3.11 Impairment of non-financial assets

Property, plant and equipment, intangible assets and other noncurrent assets with defined useful lives are reviewed for impairment on an annual basis, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company does not have assets with indefinite useful life and assessed that there are no indications of impairment losses, mainly supported by Law 14,026/2020, which ensures economic and financial sustainability to public sanitation services through tariffs or indemnity.

3.12 Trade payables and contractors

Trade payables and contractors are obligations to pay for goods or services acquired from suppliers in the ordinary course of business and are initially measured at fair value, which generally corresponds to the bill and subsequently at amortized cost, being classified as current liabilities, except when the maturity exceeds 12 months after the reporting date, being presented as noncurrent liabilities.

3.13 Borrowings and financing

Borrowings and financing are initially recognized at fair value, upon receipt of funds, net of transaction costs and stated at amortized cost. See Note 18. Borrowings and financing are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

The bonds issued by the Company are not convertible into shares and are recorded similarly to borrowings.

3.14 Borrowing costs

Borrowing costs consist of interest rates and other charges incurred by the Company and arise from borrowing and financing agreements, including exchange variation.

Costs attributable to the acquisition, construction, or production of an asset, which, necessarily, requires a substantial time to be ready for use or sale are capitalized as part of the cost of these assets. Other borrowing costs are recognized as expenses in the period they are incurred. The capitalization occurs during the construction period of the asset, considering the weighted average rate of borrowings effective on the capitalization date.

The Company analyses foreign currency-denominated borrowings or financing as if they were contracted in local currency, restricting the capitalization of interest and/or exchange variation by the amount that would be capitalized if they were contracted in the domestic market in similar lines of credit and loans.

3.15 Salaries, payroll charges and social contributions

Salaries, vacations, Christmas bonuses, profit sharing and additional payments negotiated in collective labor agreements plus related charges and contributions are recorded on an accrual basis.

The profit-sharing plan is based on operational and financial targets, and a provision is created when it is contractually required or when there is a past practice that created a constructive obligation, and is recorded as operating cost, selling and administrative expenses or capitalized in assets.

3.16 Provisions, legal obligations, escrow deposits and contingent assets

Provisions are recognized when: i) the Company has a present (legal or constructive) obligation resulting from a past event; ii) an outflow of resources that comprise economic benefits will probably be required to settle the obligation; and iii) the amount can be reliably estimated. Where

there are several similar obligations, the likelihood that an outflow of resources will be required to settle an obligation is determined by considering the nature of these obligations as a whole.

Provisions are measured at the present value of the disbursements expected to be required to settle an obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the obligation due to the passage of time is recognized as a financial expense.

For financial statement presentation purposes, the provision is stated net of escrow deposits, based on the legal offset right.

Escrow deposits not linked to the related obligations are recorded in noncurrent assets and adjusted by the indexes defined by the competent authorities.

The Company does not recognize contingent liabilities in the consolidated financial statements since it either does not expect outflows to be required or the amount of the obligation cannot be reliably measured.

Contingent assets are not recognized in the consolidated financial statements.

3.17 Environmental costs

Costs related to ongoing environmental programs are expensed in the income statement, when there is a taxable event. Ongoing programs are designed to minimize the environmental impact of the operations and to manage the environmental risks inherent to the Company's activities.

3.18 Current and deferred income tax and social contribution

Income tax expenses comprise current and deferred income tax and social contributions.

Current taxes

The provision for income tax and social contribution is calculated based on the taxable profit for the year and the rates effective at the end of the year. The income tax was defined at a rate of 15%, plus a 10% surtax on taxable income exceeding R$ 240. The social contribution was defined at a rate of 9% over the adjusted net income. Taxable income differs from net income (profit presented in the income statement), because it excludes income or expenses taxable or deductible in other years, and excludes items not permanently taxable or not deductible. The Company periodically evaluates the positions taken in the income tax return regarding situations in which the applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred taxes

Deferred taxes are fully recognized on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred taxes are not accounted for if they arise from the initial recognition of an asset or liability in a transaction that does not affect the tax basis, except in business combinations. Deferred taxes are determined using tax rates (and laws) effective at the end of the reporting period and are expected to be applied when the related income tax and social contribution are realized.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available for which temporary differences can be used and tax losses can be offset.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities are related to income taxes levied by the same tax authority over the tax entity.

3.19 Taxes on revenues

Current taxes

Revenues from sanitation services are subject to Pasep (Public Servant Fund) and Cofins (Contribution for Social Security Financing) rates of 1.65% and 7.60%, except for financial revenues that are calculated at the rates of 0.65% and 4.00%, respectively.

Pasep and Cofins taxes incident on billed amounts to public entities are due when the billes are received.

These taxes are calculated by the regime of noncumulative taxation and presented net of the corresponding credits, such as deductions from gross revenues. The lines “other operating income” and “financial revenues” are presented net of such taxes on the income statement.

In addition, revenues from sanitation services are also subject to the Regulatory, Control, and Oversight Fee (TRCF), whose taxable event is the performance of regulatory, control, and monitoring activities by ARSESP (regulatory authority), calculated at 0.50% of the annual revenue directly generated by the service provided less taxes levied on the service that works as a mechanism to transfer funds from Sabesp to the regulatory authority.

Deferred taxes

The deferred taxes related to PIS and COFINS are determined based on the rates (and laws) in effect on the date of preparation of the financial statements, and they are expected to apply when the respective taxes are realized. These taxes are recognized only to the extent that it is probable that a taxable base will exist for them to be paid or offset.

3.20 Pension plan obligations

(a) Definedbenefit

The Company makes contributions to defined benefit plans sponsored by it on a contractual basis. Regular contributions comprise the net administrative expenses and are recognized in the result of the period in which they are due.

Pension plan liabilities correspond to the present value of the obligation on the reporting date, less the fair value of the plan's assets. The defined benefit obligations (G1 Plan), as well as the additional retirement and pension plan (G0), are calculated on an annual basis by independent actuaries, using the projected unit credit method. The estimated future cash outflows are discounted to their present value, using the interest rates of Government bonds with maturities that approximate those of the related liability.

Regarding actuarial gains and losses arising from adjustments based on the experience and changes in actuarial assumptions are directly recorded under equity, as other comprehensive income (OCI), so that the plan's net asset or liability is recognized in the statement of financial position to reflect the full amount of plan's deficit or surplus.

In the event of curtailment or settlement of the plan, related to only some of the employees covered by the plan, or where only part of an obligation is settled, the gain or loss includes a proportional share of the past service cost and actuarial gains and losses. The proportional share is determined based on the present value of the obligations before and after the curtailment or settlement.

(b) Defined contribution

The Company makes contributions to defined benefit plans sponsored by it on a contractual basis, which provides post-employment benefits to its employees, in which the Company makes equal contributions to employees, within the limits set by regulation. In this model, the benefits paid are directly related to the amount contributed, with no deficits to be covered by the Company.

3.21 Financial income (expenses)

Financial income is primarily comprised of interest and inflation adjustments resulting from financial investments, escrow deposits and negotiations with customers to pay by installments, calculated using the effective interest rate method.

Financial expenses refer to interest, inflation adjustments, and exchange variation mainly on borrowings and financing, provisions, public-private partnership and program contract commitments, and are calculated using the effective interest rate method.

Inflation adjustment gains and losses arise from the collection or payment to third parties, as contractually required by law or court decision, recognized on an accrual basis pro rata temporis. Inflation adjustments included in the agreements are not considered embedded derivatives, since they are deemed as inflation adjustment rates for the Company's economic scenario.

3.22 Leases

Leases are recognized at the present value of the contractual obligations, presented in assets as Right of Use (Note 15 (f)) and in liabilities as Leases (Note 18 (b)), except for short-term contracts (12 months or less) and/or low value (below US$ 5 thousand – R$ 24 thousand), which are recorded as expenses when incurred.

3.23 Other current and noncurrent assets and liabilities

Other assets are recorded at acquisition cost, net of any impairment loss, where applicable. Other liabilities are recorded at known or estimated amounts, including, where applicable, related financial charges.

3.24 Dividends and interest on capital

The Company uses the tax benefit of distributing dividends as interest on capital, as permitted by law and based on the Bylaws. Interests are accounted for under Law 9,249/1995 for tax-deductibility purposes, limited to the daily pro rata variation of the long-term interest rate (TJLP). The dividend attributed to shareholders is recognized in current liability against Equity. Any amount over the minimum mandatory is recognized when approved by shareholders in the General Meeting, except for taxes incurring in the distribution of interest on capital. The tax benefit of interest on capital is accrued in the profit/loss of the year, under the same recognition basis of expenses.

3.25 Present value adjustment

Current and noncurrent financial assets and liabilities arising from long- or short-term transactions are adjusted to present value based on market discount rates as of the transaction date, when the effects are significant.

3.26 Segment information

Operating segments are determined in a manner consistent with the internal reporting to the Company's chief operating decision maker ("CODM"), which, in the case of SABESP, is comprised of the Board of Directors and the Board of Executive Officers, to make strategic decisions, allocate resources and evaluate performance.

The Company determined that it has one operating segment which is sanitation services.

The accounting policies used to determine segment information are the same as those used to prepare the Company's consolidated financial statements.

The measurement of the result per segment is the profit from operations before other net operating expenses and equity accounting, which excludes construction costs and revenue.

The CODM analyzes asset and liability information on a consolidated basis. Consequently, the Company does not disclose segregated information on assets and liabilities.

Substantially all noncurrent assets and revenue generated from customers are located in the São Paulo State. Consequently, financial information is not disclosed by geographic area.

3.27 Foreign currency translation

(a)Functional and reporting currency

Items included in the consolidated financial statements are measured using the currency of the main economic environment in which the company operates ("the functional currency"). The consolidated financial statements are presented in Brazilian reais (R$), which is also the Company's functional currency. All financial information has been presented in Brazilian reais and rounded to the next thousand, except where otherwise indicated.

(b)Foreign currency translation

Foreign currency-denominated transactions are translated into Brazilian reais using the exchange rates prevailing on the transaction dates. Statements of financial position balances are translated by the exchange rate prevailing on the reporting date.

Exchange gains and losses resulting from the settlement of these transactions and the translation of foreign currency-denominated monetary assets and liabilities are recognized in the income statement, except for borrowings and financing referring to property, plant and equipment or intangible assets in progress, where exchange losses are recognized as corresponding entry to the asset while construction is in progress, as described in Note 3.14.

4 Changes in accounting practices and disclosures

4.1 New standards, amendments and interpretations effective for periods beginning on or after January 1, 2024

The amendments to IAS 1 – Classification of Liabilities as Current or Non-Current; IAS 1 – Presentation of Financial Statements – Non-Current Liabilities with Covenants; IFRS 16 – Leases – Lease liability in a "Sale and Leaseback" transaction, did not impact the disclosures or amounts recognized in the annual consolidated financial statements.

4.2 New standards, amendments and interpretations of existing standards that are not yet effective

The Company did not early adopt these standards and is assessing the impacts of the new and revised IFRS below on the disclosures or amounts recognized in the financial statements that Management understands to apply to the Company.

Standard	Description	Impact
Amendments to IAS 21 - Effects of Changes in Foreign Exchange Rates[1]	The amendments specify how to assess whether a currency is convertible and how to determine the exchange rate when it is not. These amendments state that a currency is convertible into another currency when the Company is able to obtain the other currency within a period of time that allows for normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.	The Company is assessing the impacts and effects of the amendments; however, it does not expect any effects from the amendments.

IFRS 18 – Presentation and	IFRS 18 replaces IAS 1 – Presentation of Financial Statements, transferring several	The Company is assessing the impacts

Disclosure in Financial Statements[2]	of the requirements of IAS 1 that were not changed and complementing them with the new requirements. In addition, some paragraphs of IAS 1 were moved to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 – Financial Instruments: Disclosure. The IASB also implemented minor changes to IAS 7 – Statement of Cash Flows and IAS 33 – Earnings per Share.	and effects of this Standard.
IFRS 19 – Subsidiaries without Public Accountability: Disclosures[2]	IFRS 19 allows an eligible subsidiary to provide reduced disclosures when applying Accounting Standards in its financial statements. A subsidiary is eligible for reduced disclosures if it does not have a public liability and its ultimate parent or any intermediate parent prepares publicly available consolidated financial statements that comply with Accounting Standards. IFRS 19 is optional for eligible subsidiaries and describes the disclosure requirements for subsidiaries that elect to apply it.	The Company does not expect any effects of this Standard.

1 Effective for annual periods beginning on or after January 1, 2025.
2 Effective for annual periods beginning on or after January 1, 2027.

There are no other standards and interpretations not yet adopted that may, in the opinion of Management, have a significant impact on the result for the year of equity disclosed by the Company in its consolidated financial statements.

5 Risk management

5.1Financial Risk Management

Financial risk factors

The Company's activities are affected by the Brazilian economic scenario, making it exposed to market risk (exchange rate and interest rate), credit risk and liquidity risk. Financial risk management is focused on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

(a)Market risk

Foreign currency risk

Foreign exchange exposure implies market risks associated with currency fluctuations, since the Company has foreign currency-denominated liabilities, arising from long-term funding, in development institutions, at more attractive interest rates, in U.S. dollars and Yen.

The management of currency exposure considers several current and projected economic factors, besides market conditions.

This risk arises from the possibility that the Company may incur losses due to exchange rate fluctuations that would impact liability balances of foreign currency-denominated borrowings and financing and related financial expenses. The Company contracted hedge transactions in 2024 to protect itself against such risk, according to Note 5.1 (d).

Part of the financial debt, totaling R$ 3,366,723 as of December 31, 2024 (R$ 2,785,853 as of December 31, 2023), is indexed to the U.S. dollar and Yen. The exposure to exchange risk is as follows:

	December 31, 2024		December 31, 2023	
	Foreign currency (in thousands)	R$	Foreign currency (in thousands)	R$
Borrowings and financing – US$	303,978	1,882,323	280,188	1,356,474
Borrowings and financing – Yen*	36,787,581	1,486,394	41,078,385	1,405,702
Interest and charges from borrowings and financing – US$		24,030		15,510
Interest and charges from borrowings and financing – Yen		8,364		8,167
Total exposure		3,401,111		2,785,853
Borrowing cost – US$		(42,510)		(37,520)
Borrowing cost – Yen		(2,236)		(2,442)
Total foreign-currency		3,356,365		2,745,891

denominat
ed
borrowings
(Note 18)
(*)Debt in Yen measured at fair value as part of the hedge contract, as detailed in Note 5.1(d).

The table below shows the prices and exchange variations in the period:

	December 31, 2024	December 31, 2023	Variation
US$	R$ 6.1923	R$ 4.8413	27.9%
Iene	R$ 0.03947	R$ 0.03422	15.3%

Borrowings and financing increased R$ 574,953 in 2024 (a decrease of R$ 309,854 in 2023), see Note 18 (ii). As of December 31, 2024, if the Brazilian real had depreciated or appreciated by 10 percentage points, in addition to the impacts already mentioned above, against the U.S. dollar and Yen with all other variables held constant, the effects on the result before funding costs in the year would have been R$ 336,672 in 2024 (R$ 278,586 in 2023), lower or higher, excluding the effects of hedge contracted at the end of 2024, according to Note 5.1 (d).

The probable scenario below presents the effect on the income statements for the next 12 months considering the projected rates of the U.S. dollar and the Yen.

The Company understands that the scenario presented is reasonable, given the instability of the Brazilian real against the U.S. dollar and the Yen.

	Probable scenario
	(*)
Net currency exposure as of December 31, 2024 in US$ - Liabilities	303,978
US$ rate as of December 31, 2024	6.1923
Exchange rate estimated according to the scenario	6.0000
Difference between the rates	0.1923
Effect on the net financial result R$ - (loss)	58,455
Net currency exposure as of December 31, 2024 in Yen - Liabilities	36,787,581
Yen rate as of December 31, 2024	0.03947
Exchange rate estimated according to the scenario	0.04183

Difference between the rates	(0.00236)
Effect on the net financial result R$ - (loss)	(86,819)
Total effect on the net financial result in R$ - (loss)	(28,364)

(*) For the probable scenario in U.S. dollars and Yen, the exchange rates estimated for December 31, 2025, were used, according to the Focus-BACEN and B3's Benchmark Rate report, of December 31, 2024, respectively, excluding the effects of hedge contracted at the end of 2024, according to Note 5.1 (d).

Interest rate risk

This risk arises from the possibility that the Company could incur losses due to fluctuations in interest rates, increasing the financial expenses related to borrowings and financing.

The Company has not entered into any derivative contract to hedge against this risk, except for the financing at the Secured Overnight Financing Rate (SOFR), according to Note 5.1 (d); however, it continually monitors market interest rates, to evaluate the possible need to replace its debt.

The table below provides the borrowings and financing subject to different inflation adjustment indices:

	December 31, 2024	December 31, 2023
CDI[(i)]	15,250,135	9,966,111
TR[(ii)]	1,683,342	1,684,711
IPCA[(iii)]	2,982,735	3,038,378
TJLP[(iv)]	1,067,436	1,365,806
SOFR[(v)]	1,882,325	1,356,473
Interest and charges	572,399	392,906
Total	23,438,372	17,804,385

(i) CDI – (Certificado de Depósito Interbancário), an interbank deposit certificate
(ii) TR – Interest Benchmark Rate
(iii) IPCA – (Índice Nacional de Preços ao Consumidor Amplo), a consumer price index
(iv) TJLP – (Taxa de Juros a Longo Prazo), a long-term interest rate index
(v) SOFR – Secured Overnight Financing Rate

Another risk to which the Company is exposed, is the mismatch of inflation adjustment indices of its debts with those of its service revenues. Tariff adjustments of services provided do not necessarily follow the increases in the inflation indexes to adjust borrowings, financing and interest rates affecting indebtedness

As of December 31, 2024, if interest rates on borrowings and financing had been 1 percentage point higher or lower with all other variables held constant, the effects on profit before taxes for the year would have been R$ 234,384 (R$ 178,044 in 2023) lower or higher, mainly as a result of lower or higher interest expense on floating rate borrowings and financing.

(b) Credit risk

Credit risk is related to cash and cash equivalents, financial investments, as well as credit exposures to wholesale basis and retail customers, including accounts receivable, restricted cash, financial asset (indemnity) and accounts receivable from related parties. Credit risk exposure to customers is mitigated by sales to a dispersed base.

The maximum exposure to credit risk as of December 31, 2024 is the carrying amount of instruments classified as cash and cash equivalents, financial investments, restricted cash, trade receivables and accounts receivable from related parties in the balance sheet date. See additional information in Notes 7, 8, 9, 10 and 11.

Regarding the financial assets held with financial institutions, the credit quality was assessed by reference to external credit ratings (if available) or historical information about the bank's default rates. For the credit quality of the banks, such as deposits and financial investments, the Company assesses the rating published by three main international agencies (Fitch, Moody's and S&P), as follows:

Banks	Fitch	Moody's	Standard Poor's
Banco do Brasil S/A	AAA(bra)	AAA.br	-
Banco Santander Brasil S/A	-	AAA.br	brAAA
Brazilian Federal Savings Bank	AAA(bra)	AAA.br	brAAA
Banco Bradesco S/A	AAA(bra)	AAA.br	brAAA
Banco Itaú Unibanco S/A	AAA(bra)	AAA.br	-
Banco BV	-	AA+.br	brAAA
Banco BTG Pactual S/A	AAA(bra)	AAA.br	brAAA

The rating assessment disclosed by Fitch, for deposit transactions and financial investments in local currency is as follows:

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	December 31, 2024	December 31, 2023
Cash and cash equivalents and financial investments		
AAA(bra)	4,186,146	2,940,690
Others (*)	1,196,154	324,546
	5,382,300	3,265,236

(*)As of December 31, 2024, this category includes R$ 298 (R$ 322,241 as of December 31, 2023) referring to Banco BV and the amount of R$ 1,195,511 referring to Banco Santander (as of December 31, 2023 – R$ 1,680), current accounts, and financial investments, which are not rated by Fitch.

(c) Liquidity risk

Liquidity is primarily reliant upon cash provided by operating activities and borrowings and financing obtained in the local and international capital markets, as well as the payment of debts. The management of this risk considers the assessment of its liquidity requirements to ensure it has sufficient cash to meet its operating and capital expenditures needs.

The funds held are invested in interest-bearing current accounts, time deposits and securities, with instruments with appropriate maturity or liquidity sufficient to provide margin as determined by the projections mentioned above.

The table below shows the financial liabilities, by maturity, including the installments of principal and future interest. For agreements with floating interest rates, the interest rates used correspond to the base date of December 31, 2024.

	2025	2026	2027	2028	2029	2030 onwards	Total
As of December 31, 2024							
Liabilities							
Borrowings and financing	5,486,592	6,993,902	4,148,835	3,247,705	**3,697,777**	14,911,951	38,486,762
Trade payables and contractors	766,609	-	-	-	-	-	**766,609**
Services payable	1,438,507	-	-	-	-	-	**1,438,507**
Public-Private Partnership – PPP	452,323	470,080	487,400	505,288	523,832	5,918,847	8,357,770
Total	8,144,031	7,463,982	4,636,235	3,752,993	4,221,609	20,830,798	49,049,648

Cross default

The Company has borrowings and financing agreements including cross default clauses, i.e., the early maturity of any debt may imply the early maturity of these agreements. The indicators are continuously monitored to avoid the execution of these clauses, and the most restrictive ones are showed in Note 18 (c).

(d)Derivative financial instruments

Under the Risk Management Policy and the Derivatives Transactions Program, which aim to manage financial risks and mitigate exposure to market variables that impact assets, liabilities, and/or cash flows, thus reducing the effects of undesirable fluctuations of these variables on the Company's operations, Sabesp contracts hedge instruments, mainly for its financings denominated in foreign currency.

Criteria and guidelines for financial risk management were established to mitigate imbalances between assets and liabilities that have some sort of indexation exclusively to protect the Company's indexed assets and liabilities that present some mismatch, without characterizing financial leverage.

The Company uses risk ratings disclosed by Standard Poor's (S&P), Moody's, or Fitch to support and complement the analysis and judgment of banking risk.

Operations contracted and settled in 2024

As of April 04, 2024, the Company contracted hedge operations, with no speculative nature, through swap transactions of debt variations denominated in US$ + 6.23% and Yen + 1.44% interest per year for a percentage of CDI + 0.13% p.a. The total value of the hedged debt with the aforementioned operations was 98.0%. For the aforementioned transactions, which matured on December 12, 2024, the Company did not apply the hedge accounting policy as it did not meet eligibility criteria, measuring them at fair value through profit or loss, recognizing gains and losses in the financial result as "net financial result". These operations matured on December 12, 2024.

Below are the values of the swap contracts (US$ and Yen + interest vs. CDI) settled on December 12, 2024:

Operation	Currency	Financing	Notional Value Yen/US$ (thousand)	Fair Value of the Asset Position	Fair Value of the Liability Position	Gain / (Loss) with Derivatives – *Swap* settled on December 12
1	Yen	JICA 15 CONS	3,927,290	156,198	136,392	19,806
2	Yen	JICA 15 WORK	1,834,860	73,140	63,867	9,273
3	Yen	JICA 17 WORK	2,559,546	101,391	86,138	15,253
4	Yen	JICA 17 CONS	616,110	24,365	20,699	3,666
5	Yen	JICA 18 WORK	1,781,080	70,982	62,084	8,898
6	Yen	JICA 18 CONS	3,399,720	135,197	118,310	16,887
7	Yen	JICA 19 WORK	20,139,925	800,653	711,620	89,033
8	Yen	JICA 19 CONS	2,529,050	100,013	88,888	11,125
Subtotal			**36,787,581**	**1,461,939**	**1,287,998**	**173,941**
9	US$	IDB 1212	10,278	63,456	55,282	8,174
10	US$	IDB 4623	156,958	921,231	803,855	117,376
11	US$	IBRD 7662-BR	57,848	353.395	311,524	41,871
12	US$	IBRD 8916	78,894	376,478	338,041	38,437
Subtotal	**Currency**		**303,978**	**1,714,560**	**1,508,702**	**205,858**
Total				**3,176,499**	**2,796,700**	**379,799**

Operations Outstanding as of December 31, 2024

The Company entered into hedge operations, effective from December 12, 2024, with no speculative nature, through swap transactions denominated in US$ and Yen + annual interest, as shown in Note 18, for a percentage of CDI - 0.36% p.a. The total value of the debt hedged with the aforementioned operations was 100.0%. For these transactions, the Company applied the hedge accounting policy as it met eligibility criteria, using (i) cash flow hedge for US$-denominated debt, and (ii) fair value hedge for Yen-denominated debt.

The transactions have maturity dates ranging from July 21, 2025, to March 16, 2048, according to the maturities of the corresponding financing, as detailed in Note 18.

Below are the values of the swap contracts (USD and Yen + interest vs. CDI) as of December 31, 2024:

Operation	Currency	Financing	Notional Value Yen/US$	Fair Value of the Asset Position	Fair Value of the Liability Position	Fair Value, Net	Gain / (loss) with Derivatives-*swap* from December 12 to 31	Derivative instruments – *swap* designated as Cash Flow Hedge	Fair Value
1	Yen	JICA 15 CONS	3,927,290	154,834	156,205	(1,371)	(1,371)	-	326
2	Yen	JICA 15 WORK	1,834,860	75,069	73,013	2,056	2,056	-	(2,550)
3	Yen	JICA 17 WORK	2,559,546	105,119	101,762	3,357	3,357	-	(4,027)
4	Yen	JICA 17 CONS	616,110	25,302	24,476	826	826	-	(984)
5	Yen	JICA 18 WORK	1,781,080	70,242	70,869	(627)	(627)	-	153
6	Yen	JICA 18 CONS	3,399,720	134,034	135,221	(1,187)	(1,187)	-	282
7	Yen	JICA 19 WORK	20,139,925	823,242	800,959	22,283	22,283	-	(27,597)
8	Yen	JICA 19 CONS	2,529,050	99,813	100,460	(647)	(647)	-	9
Subtotal			**36,787,581**	**1,487,655**	**1,462,965**	**24,690**	**24,690**	**-**	**(34,388)**
9	US$	IDB 1212	10,278	65,698	62,314	3,384	-	3,384	-
10	US$	IDB 4623	156,958	972,082	951,770	20,312	-	20,312	-
11	US$	IBRD 7662-BR	57,848	355,973	350,680	5,293	-	5,293	-
12	US$	IBRD 8916	78,894	492,665	478,904	13,761	-	13,761	-
Subtotal			**303,978**	**1,886,418**	**1,843,668**	**42,750**	**-**	**42,750**	**-**
Total				**3,374,073**	**3,306,633**	**67,440**	**24,690**	**42,750**	**(34,388)**
		Cost of hedged instruments reclassified to other comprehensive income		**-**	**-**	**-**	**-**	**(55,402)**	**-**
		Other comprehensive income		**-**	**-**	**-**	**-**	**12,652**	**-**
		Deferred income tax and social contribution		**-**	**-**	**-**	**-**	**(4,302)**	**-**
		Other comprehensive income - net		**-**	**-**	**-**	**-**	**8,350**	**-**

(e)Sensitivity analysis on interest rate risk

The table below shows the sensitivity analysis of the financial instruments, prepared in accordance with IFRS 7, in order to evidence the balances of main financial assets and liabilities, calculated at a rate projected for the twelve-month period after December 31, 2024, or until the final settlement of each contract, whichever occurs first, considering a likely scenario.

The purpose of the sensitivity analysis is to measure the impact of changes in the market on the financial instruments, considering constant all other variables. At the time of settlement the amounts can be different from those presented, due to the estimates used in the measurement.

	December 31, 2024	
Indicators	**Exposure**	**Probable scenario**
Assets		
CDI	5,659,878	15.4100%(**)
Financial income		872,187
Liabilities		
CDI	(15,250,135)	15.4100%(**)
Interest to be incurred		(2,350,046)
CDI net exposure	(9,590,257)	(1,477,859)
Assets		
IPCA	17,601,626	4,9900%(*)
Operating revenue		878,321
Liabilities		
IPCA	(2,982,735)	4,9900%(*)
Interest to be incurred		(148,838)
IPCA net exposure	(14,618,891)	729,483
Liabilities		
TR	(1,683,342)	0.0191%(**)
Expenses to be incurred		(322)
TJLP	(1,067,436)	7.9500%(*)
Interest to be incurred		(84,861)
SOFR (***)	(1,882,325)	4.1870%(**)
Interest to be incurred		(78,813)
Total expenses to be incurred, net		(912,372)

(*) Source: BACEN and LCA of December 31, 2024
(**) Source: B3 of December 31, 2024
(***) Source: Bloomberg – Hedged by financial instrument

5.2Capital management

The Company's objectives when managing capital are to ensure it continues to increase investments in infrastructure, provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

Capital is monitored based on the leverage ratio, which corresponds to net debt divided by total capital (shareholders and providers of capital). Net debt corresponds to total borrowings and financing less cash and cash equivalents and financial investments. Total capital is calculated as total equity plus net debt, as shown in the statement of financial position.

	December 31, 2024	December 31, 2023
Total borrowings and financing (Note 18)	25,258,297	19,536,350
(-) Cash and cash equivalents (Note 7)	(1,682,606)	(838,484)
(-) Financial investments (Note 8)	(3,699,694)	(2,426,752)
Net debt	19,875,997	16,271,114
Total equity	36,928,054	29,857,376
Total (shareholders plus providers of capital)	56,804,051	46,128,490
Leverage ratio	35%	35%

5.3Fair value estimates

The Company considers that balances from trade receivables (current) and trade payables by carrying amount less impairment approximate their fair values, considering the short maturity. Long-term trade receivables also approximate their fair values, as they will be adjusted by inflation and/or will bear contractual interest rates over time.

5.4Financial instruments

As of December 31, 2024, the Company had financial assets classified as amortized cost, fair value through other comprehensive income and fair value through profit or loss.

The financial instruments included in the amortized cost category comprise cash and cash equivalents, financial investments, restricted cash, trade receivables, balances with related parties, other assets and balances receivable from the Water National Agency (ANA), financial assets (indemnity), accounts payable to suppliers, borrowings and financing in local and foreign currency (except for the financing in Yen, which is being measured at fair value through profit or loss), services payable, balances payable deriving from the Public-Private Partnership (PPP) and program contract commitments, which are non-derivative financial assets and liabilities with fixed or determinable payments, not quoted in an active market, except for cash equivalents and financial investments.

The financial instruments included in the fair value through other comprehensive income and fair value through profit or loss categories are recorded in the derivative financial instruments line.

The estimated fair values of the financial instruments were as follows:

Financial Assets

	December 31, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	1,682,606	1,682,606	838,484	838,484
Financial investments	4,468,751	4,468,751	2,426,752	2,426,752
Restricted cash	37,715	37,715	54,944	54,944
Trade receivables	4,222,355	4,222,355	3,856,723	3,856,723
Instrumentos financeiros derivativos	67,440	67,440	-	-
Water and Basic Sanitation National Agency – ANA	1,993	1,993	2,673	2,673
Financial asset (indemnity)	17,601,626	17,601,626	-	-
Other assets	230,900	230,900	196,065	196,065

Additionally, SABESP has financial instrument assets receivables from related parties, totaling R$1,228,389 as of December 31, 2024 (R$1,196,545 as of December 31, 2023), which were calculated under the conditions negotiated between related parties. The conditions and additional information related to these financial instruments are disclosed in Note 11. Part of this balance, totaling R$1,105,299 (R$1,076,174 as of December 31, 2023), refers to reimbursement of additional retirement and pension plan - G0, indexed by IPCA plus simple interest of 0.5% p.m. On the transaction date, this interest rate approximated that of National Treasury Notes (NTN-b) with a term similar to the terms of related-party transactions.

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Years ended December 31, 2024, 2023 and 2022
Amounts in thousands of reais, unless otherwise indicated

Financial liabilities

	December 31, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Borrowings and financing	25,258,297	26,362,590	19,536,350	19,950,055
Trade payables and contractors	766,609	766,609	456,215	456,215
Services payable	1,438,507	1,438,507	750,732	750,732
Program contract commitments	-	-	34,016	34,016
Public-Private Partnership - PPP	3,306,219	3,306,219	3,286,614	3,286,614

The criteria adopted to obtain the fair values of borrowings and financing are as follows:

(i) Agreements with CEF (Brazilian Federal Savings Bank) were projected until their final maturities, at the average interest rate plus TR x DI and the average contractual term, were adjusted to present value by a funding rate specific for the Company in similar contracts, plus TR x DI, on the end of the reporting period. TR x DI rates were obtained with B3.

(ii) The debentures were projected up to the final maturity date according to contractual rates (IPCA, DI, TJLP or TR), and adjusted to present value considering the future interest rate published by Brazilian Financial and Capital Markets Association (ANBIMA) in the secondary market, or by equivalent market rates, or the Company's shares traded in the Brazilian market.

(iii) Financing – BNDES corresponds to instruments valued at their carrying amount restated until the maturity date, and are indexed by the long-term interest rate (TJLP).

These financings have specific characteristics and conditions defined in the financing agreements with BNDES, between independent parties, and reflect the conditions for these types of financing. Brazil does not have a consolidated market of long-term debts with the same characteristics of BNDES financing; thus, the offering of credit to entities in general, with such long-term characteristics, is usually restricted to BNDES.

(iv) Other financings in local currency are considered by the carrying amount restated until the maturity date, adjusted to present value at future market interest rates. The future rates used were obtained on the website of B3.

(v) Agreements with IDB and IBRD were projected until final maturity in origin currency, using the contracted interest rates plus Secured Overnight Finance Rate (SOFR's) future rate, obtained with Bloomberg, adjusted to present value using the exchange coupon curve obtained with B3, plus future Treasury Financial Bills (LFT), disclosed by ANBIMA in the secondary market. All the amounts obtained were translated into Brazilian reais at the exchange rate of December 31, 2024.

(vi) The contracts with the JPY + (YEN) index are projected until final maturity in the original currency, using the contracted interest rates, translated to the Brazilian real through the JPY/BRL forward rate (NDF) for the term and adjusted to present value using the interpolated DI curve, obtained from B3, and the accounting value is the same as the fair value. Additionally, for hedge accounting purposes, the IRR (Internal Rate of Return) at inception is used, calculated at the moment of designation.

(vii) Lease and finance leases based on IFRS 16 correspond to instruments valued at their present value. Thus, the Company discloses the amount recorded as of December 31, 2024 as market value.

Financial instruments referring to financial investments and borrowings and financing are classified as Level 2 in the fair value hierarchy.

Considering the nature of other financial instruments, assets and liabilities, the balances recognized in the statement of financial position approximate the fair values, except for borrowings and financing, considering the maturities close to the end of the reporting date, comparison of contractual interest rates with market rates in similar operations at the end of the reporting period, their nature and maturity terms.

6 Key accounting estimates and judgments

The preparation of the consolidated financial statements requires Management to disclose judgments (except for those that involve estimates) that have a significant impact on the amounts recognized based on experience and other factors deemed as relevant, which affect the values of assets and liabilities and which may present results that may differ from the actual results.

The Company establishes estimates and assumptions regarding the future, which are reviewed on a timely basis. Such accounting estimates, by definition, may differ from the actual results. The effects arising from the reviews of the accounting estimates are recognized in the period in which the estimates are reviewed.

6.1Main judgments in applying the accounting policies

The Company assessed the main accounting policies that involve judgments, except for those that involve estimates, and concluded that none of them have a significant effect.

6.2Main sources of uncertainties in the estimates

The areas that require a higher level of judgment and greater complexity, as well as assumptions and estimates that are significant for the consolidated financial statements are disclosed as follows:

(a)Allowance for doubtful accounts

The Company establishes allowance for doubtful accounts in an amount that Management considers sufficient to cover expected losses (see Note 10 (c)), based on an analysis of trade receivables, in accordance with the accounting policy stated in Notes 3.3 and 3.5.

The methodology for determining such losses requires significant estimates, considering several factors, among which an evaluation of receipts historical, current economic trends, aging of the accounts receivable portfolio and expectation of future losses. Although the Company believes that the assumptions used are reasonable, the actual results may be different.

(b)Intangible assets arising from concession agreements and program contracts

Intangible assets are those arising from concession contracts, and the main costs are transferred from the Contract Asset, as described in Note 3.8.

Intangible assets under Concession Agreements, Service Agreements and Program Contracts, are amortized on a straight-line basis according to the period of the contract or the useful life of the asset or contract period, the lowest of them. Additional information on the accounting for intangible assets arising from concession agreements is described in Notes 3.10 and 15.

The recognition of the fair value of the intangible assets arising from an exchange for an asset, involving concession agreements is subject to assumptions and estimates, and the use of different assumptions may affect the accounting records. Different assumptions and future changes in the useful life of these intangible assets may have significant impacts on the result of the operations.

(c)Pension Plan Obligations – Pension Plans

The Company sponsors a defined benefit plan and defined contribution plan, as described in Notes 3.20 and 23.

Defined pension plan obligations recognized in the statement of financial position consist of the present value of the defined benefit obligation on the reporting date less the fair value of the plan's assets. The obligation of such benefit is calculated on an annual basis by independent actuaries, using the projected credit unit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows, using interest rates compatible with market returns, which are denominated in the currency in which benefits will be paid and with maturity terms close to those of corresponding pension plan obligation.

(d) Deferred income tax and social contribution

The Company recognizes and settles taxes on income based on the results of operations calculated according to Brazilian Corporation Law, taking into consideration the provisions of the tax laws. Deferred tax assets and liabilities are recorded based on the differences between the accounting balances and the tax bases of the assets and liabilities.

The Company regularly reviews the recoverability of deferred tax assets and recognizes a provision for impairment if it is probable that these assets will not be realized, based on the historic taxable income, on the projection of future taxable income and on the estimated period for reversing the temporary differences. These calculations require the use of estimates and assumptions. The use of different estimates and assumptions could result in a provision for impairment of all or a significant part of the deferred tax asset. Additional information on deferred taxes is described in Notes 3.18 and 21.

(e) Provisions

The provisions for civil, labor, environmental and tax risks are created based on Notes 3.16 and 22. Judgments regarding future events may significantly differ from actual estimates and exceed the amounts provisioned. The provisions are revised and adjusted taking into consideration changes in the circumstances involved.

(f) Unbilled revenue

Unbilled revenue corresponds to services rendered for which readings have not been made yet. They are recognized based on monthly estimates calculated according to the historical avegare billing of the respective bill. Additional information on revenue and accounts receivable are described in Notes 3.4 and 10.

7 Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash and banks	31,784	31,187
Cash equivalents	1,650,822	807,297
Total	1,682,606	838,484

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Cash and cash equivalents include cash, bank deposits and high-liquidity short-term financial investments, mainly represented by repurchase agreements, fund shares (accruing Interbank Deposit Rate - CDI interest rates) and CDBs, whose original maturities or intention of realization are lower than three months, which are convertible into a cash amount and subject to an insignificant risk of change in value.

As of December 31, 2024, the average yield of cash equivalents corresponded to 96.83% of CDI (96.25% as of December 31, 2023).

8 Financial investments

(a)Current

The Company has financial investments in Bank Deposit Certificate - CDB, with daily liquidity, which it does not intend to use in the next three months, as shown below:

	December 31, 2024	December 31, 2023
Banco BV	298	322,240
Banco Bradesco S/A	1,442,159	643,445
Banco BTG Pactual S/A	226,819	449,241
Brazilian Federal Savings Banks	828,720	-
Banco do Brasil S/A	7,020	1,011,826
Banco Santander	1,194,678	-
	3,699,694	2,426,752

As of December 31, 2024, the average yield of the financial investments corresponded to 101.0% CDI in December 2024 (103.30% as of December 31, 2023).

(b)Non-current

The Company has investments in Financial Bills (LF), with a yield of 102.0% of the CDI, as shown in the table below:

	December 31, 2024	December 31, 2023
Banco Itaú S/A	769,057	-
	769,057	-

9 Restricted cash

	December 31, 2024	December 31, 2023
Agreement with the São Paulo Municipal Government (i)	27,502	47,749
Agreement with the São Paulo Municipal Government (ii)	4,544	
Brazilian Federal Savings Bank – escrow deposits	235	365
Other	5,434	6,830
	37,715	54,944

(i) Refers to the amount deducted from the transfer of 7.5% of the revenue earned in the municipality to the Municipal Fund for Environmental Sanitation and Infrastructure, corresponding to eventual amounts unpaid by direct management bodies, foundations and government agencies, as established in the agreement entered into with São Paulo Municipal Government (PMSP).

(ii) Amount deducted from the percentage transfer of the revenue earned in the Municipality to FMSAI, due to eventual amounts unpaid by direct management bodies, foundations, and government agencies, as established in the agreement entered into with URAE-1, referring to the São Paulo Municipal Government (PMSP).

10 Trade receivables

(a) Financial position balances

	December 31, 2024	December 31, 2023
Private sector:		
General (i) and special customers (ii)	2,409,094	2,200,921
Agreements (iii)	659,778	839,010
	3,068,872	3,039,931
Government entities:		
Municipal	690,010	623,601

Federal	5,303	8,036
Agreements (iii)	370,823	374,372
	1,066,136	1,006,009
Wholesale customers – Municipal governments: (iv)		
Mogi das Cruzes	4,744	4,343
São Caetano do Sul	11,773	45,333
São Caetano do Sul - Agreement	65,213	-
Total wholesale customers – Municipal governments	81,730	49,676
Unbilled supply	1,253,826	1,138,316
Subtotal	5,470,564	5,233,932
Allowance for doubtful accounts	(1,248,209)	(1,377,209)
Total	4,222,355	3,856,723
Current	3,894,557	3,584,287
Noncurrent	327,798	272,436
Total	4,222,355	3,856,723

(i) General customers - residential and small and mid-sized companies;

(ii) Special customers - large consumers, commercial, industries, condominiums and special billing customers (fixed demand agreements, industrial waste, wells, among others);

(iii) Agreements - installment payments of past-due receivables, plus inflation adjustment and interest, according to the agreements; and

(iv) Wholesale basis customers - municipal governments - This balance refers to the sale of treated water to municipalities, which are responsible for distributing to, billing and charging final customers.

(b) The aging of trade receivables is as follows

	December 31, 2024	December 31, 2023
Current	2,979,496	2,723,975
Past-due:		
Up to 30 days	637,375	627,986
From 31 to 60 days	303,238	271,476
From 61 to 90 days	177,777	181,639

From 91 to 120 days	168,515	127,421
From 121 to 180 days	241,030	290,610
From 181 to 360 days	47,992	57,289
Over 360 days	915,141	953,536
Total past-due	2,491,068	2,509,957
Total	5,470,564	5,233,932

(c) Allowance for doubtful accounts

Changes in assets	December 31, 2024	December 31, 2023	December 31, 2022
Balance at beginning of the year	1,377,209	1,428,517	1,280,088
Constitution/(reversal) of losses	41,793	21,103	209,360
Recoveries	(170,793)	(72,411)	(60,931)
Balance at the end of the year	1,248,209	1,377,209	1,428,517

Reconciliation of estimated/historical losses of income	December 31, 2024	December 31, 2023	December 31, 2022
Write-offs	(685,581)	(703,325)	(636,366)
(Losses)/reversal with state entities - related parties	(1,208)	(903)	2,738
(Losses)/reversal with the private sector / government entities	(41,793)	(21,103)	(209,360)
Recoveries	170,793	72,411	60,931
Amount recorded expense (Note 31)	(557,789)	(652,920)	(782,057)

The Company does not have customers individually accounting for 10% or more of its total revenues.

(d) Judicial Payment Order

The Company has judicial payment order issued as a result of final and unappealable lawsuits for the collection of unpaid water and sewage bills from public entities. These bills are considered allowance for doubtful accounts ('PECLD') in their entirety, and the updated values of said bills, calculated according to the respective judicial payment order, are not recognized due to uncertainties regarding their realization.

As of December 31, 2024, the Company has judicial payment order issued in its favor, currently totaling R$ 2,967,308 (R$ 3,085,265 as of December 31, 2023), which, as mentioned above, are fully provisioned at their original value and do not have their respective updates recognized in the financial statements.

The reversal of the PECLD for the original bills and their update are recognized when uncertainties regarding their realization are mitigated, i.e. when the realization value becomes determinable due to the predictability of the commencement of its receipt or when negotiated with third parties.

The Company's judicial payment orders are as follows:

Debtor	December 31, 2024	December 31, 2023
Municipality of São Paulo	2,898,210	3,042,927
Municipality of Cotia	-	15,456
Municipality of Ferraz de Vasconcelos	22,883	-
Municipality of Cachoeira Paulista	12,608	14,964
Municipality of Agudos	14,039	-
Others	19,568	11,918
TOTAL	2,967,308	3,085,265

Additionally, the Company negotiated judicial payment order for overdue bills with the municipalities of Guarulhos, Santo André, and Mauá in previous fiscal years, which are currently suspended as they serve as collateral for the fulfillment of contracts entered into with the municipalities.

As of May 9, 2024, the Board of Directors approved the adherence to the Notice for agreement 1/2024 from the Municipality of São Paulo (PMSP), whose adherence deadline ended on June 30, 2024. The objective of said Notice was the presentation of direct agreement proposals by holders of judicial payment orders.

For the adherence to be effective, approval by the Judicial Payment Order Conciliation Chamber of the Municipal Attorney General Office (PGM) and other subsequent procedures according to the Notice would be required. SABESP could withdraw the proposal at any time, provided it is before the payment made by the Board of Registered Warrants Executions and Calculations of the São Paulo State Court of Justice (DEPRE TJSP), as provided in the Notice.

As of October 21, 2024, the Judicial Payment Orders Conciliation Chamber of the Attorney General Office of the Municipality of São Paulo approved part of the agreement proposals submitted by SABESP for the settlement of registered warrant credits under the Call Notice for agreement 1/2024.

The restated amounts of the judicial payment orders, object to the approved agreements, total R$ 701 million. A discount rate will be applied to these amounts based on the chronological order of payment, as outlined in item 1 of the Call Notice, and according to the calculations to be carried out by DEPRE TJSP, as follows: (i) 20% for credits from 2009 and 2010; (ii) 25% for credits from 2011 and 2012; (iii) 30% for credits from 2013 and 2014; (iv) 35% for credits from 2015 and 2019; and (v) 40% for credits from 2020 and 2024.

In late January 2025, the Municipal Government of São Paulo raised objections to the calculations made by DEPRE/TJSP, contesting the income tax percentage used, both in the tax base and the applied rate. As a result, given the uncertainty generated by the objection, it is not possible to identify a reasonable expectation for determining the amount to be realized. Therefore, no entry was recorded until December 31, 2024.

In the first three months of 2025, the Company received R$55.399 million related to this agreement.

11 Related-Party Balances and Transactions

(a)São Paulo State

(i) Accounts receivable, interest on capital payable, revenue and expenses

	December 31, 2024	December 31, 2023
Accounts receivable		
Current:		
Sanitation services (ii)	173,466	169,515
Allowance for losses	(51,706)	(50,498)
Reimbursement for retirement and pension benefits paid (Go):		
- monthly flow (payments) (iii) and (iv)	84,973	36,241
- GESP Agreement – 2015 (vi)	112,813	106,022
Total current	319,546	261,280
Noncurrent:		
Agreement for the installment payment of sanitation services	1,361	1,361
Reimbursement of additional retirement and pension benefits paid (Go):		
- GESP Agreement – 2015 (vi)	907,514	933,911
Total noncurrent	908,875	935,272
Total receivables	1,228,421	1,196,552
Assets:		
Sanitation services	123,121	120,378
Reimbursement of additional retirement and pension benefits (Go)	1,105,300	1,076,174
Total	1,228,421	1,196,552
Liabilities:		
Interest on capital payable	458,985	420,564

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	2024	2023	2022
Revenue from sanitation services	891,312	775,988	661,955
Payments received from related parties	(843,026)	(741,089)	(632,501)
Payment received from reimbursement referring to Law 4,819/58	(178,941)	(189,713)	(186,690)

(ii)Sanitation services

The Company provides water supply and sewage services to the São Paulo State Government and other companies related to it in terms and conditions deemed by Management as usual market terms and conditions, except for the settlement of credits, which may be made according to item (iii) of this Note.

(iii) Reimbursement of additional retirement and pension benefits paid

Refers to additional retirement and pension benefits provided for in State Law 4,819/1958 ("Benefits") paid by the Company to former employees or pensioners, referred to as Go. Under the GESP Agreement, executed in 2001, the São Paulo State acknowledges being responsible for the charges arising from the Benefits, provided that the payment criteria established by the State Personnel Expenses Department (DDPE), be met, based on legal guidance of the Legal Counsel of the Treasury Department and the State Attorney General Office (PGE). As explained in item (iv), the São Paulo State's validation of the amounts due to the Company because of the Benefits found divergences regarding the calculation and eligibility criteria of the Benefits applied by the Company.

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See additional information about the G0 plan in Note 24 (ii).

As a result of a court decision, SABESP is responsible for the payments.

(iv)Disputed amounts

As of November 17, 2008 the Company and the São Paulo State signed the Third Amendment to the GESP Agreement, when the disputed and undisputed amounts were calculated. The amendment established the efforts to calculate the Disputed Amount of the Benefits. According to clause four of such instruments, the Disputed Amount consists of the difference between the Undisputed Amount and the amount actually paid by the Company as additional retirement and pension benefits provided for in Law 4,819/1958, for which the State of São Paulo was originally responsible for because of a court decision.

By entering into the Third Amendment, the State Attorney General Office (PGE) agreed to reassess the differences that gave rise to the Disputed Amount of the benefits provided for in Law 4,819/1958. At the time, this expectation was based on the willingness of the PGE to reassess the matter and the implied right of the Company to the reimbursement, including based on opinions from external legal counsel.

However, the recent opinions issued by the PGE received on September 4 and 22, 2009 and January 4, 2010, denied the reimbursement of the portion previously defined as Disputed Amount.

The third amendment also provides for the regularization of the monthly flow of benefits. While SABESP is responsible for the monthly payments, the São Paulo State shall reimburse the Company based on the criteria identical to those applied in the calculation of the Undisputed Amount. Should there be no preventive court decision, the State will directly assume the monthly payment flow of the portion deemed as undisputed.

Even though the negotiations with the State are still in progress, it is not possible to assure that the Company will recover the Disputed Amount in a friendly way.

Continuing the actions that aim to recover the credit that Management understands to be owed by the São Paulo State, related to the divergences in the reimbursement of the additional retirement and pension benefits paid by the Company, SABESP: (i) on March 24, 2010, addressed a message to the Controlling Shareholder by sending a letter resolved by the Executive Board proposing that the matter be discussed at B3's Arbitration Chamber; (ii) in June 2010, sent to the Treasury Department a proposal of an agreement to settle said pending matters. The proposal was not accepted; (iii) on November 9, 2010, filed a lawsuit against the São Paulo State seeking full reimbursement of the amounts paid as benefits provided for in Law 4,819/1958 to settle the Disputed Amount under discussion between the Company and the São Paulo State. Despite the lawsuit, the Company will insist on reaching an agreement during the course of the lawsuit, as it believes that a reasonable agreement is better for the Company and its shareholders than waiting for the end of the lawsuit.

As of December 31, 2024 and 2023, the disputed amounts between SABESP and the São Paulo State, referring to additional retirement and pension benefits paid (Law 4,819/1958), totaled R$ 1,685,493 and R$ 1,583,449, respectively, for which allowances for doubtful accounts were recorded for the total amount.

(v)Actuarial Liability

The Company recognized an actuarial liability corresponding to additional retirement and pension benefits paid to employees, retired employees, and pensioners of the Go Plan. As of December 31, 2024 and 2023, the amounts corresponding to such actuarial liability were R$ 1,931,145 and R$ 2,098,622, respectively. For detailed information on additional retirement and pension benefits, see Note 24.

(vi)GESP Agreement - 2015

On March 18, 2015, the Company, the São Paulo State, and Department of Water and Electric Energy (DAEE), through the Department of Sanitation and Water Resources, entered into an Agreement totaling R$ 1,012,310, R$ 696,283 of which referring to the principal of the Undisputed Amount mentioned in item (iii) and R$ 316,027 to the inflation adjustment of the principal until February 2015.

The principal will be paid in 180 installments, as follows:

- The first 24 installments were settled upon the transfer of 2,221,000 preferred shares issued by Companhia de Transmissão de Energia Elétrica Paulista (CTEEP), totaling R$ 87,174, based on the share closing price of March 17, 2015, which were sold on April 20, 2016; and

- The amount of R$ 609,109, is being paid in 156 monthly installments, adjusted by the IPCA until the initial payment date, i.e. April 5, 2017. As of this date, the installments are being adjusted by IPCA plus a simple interest of 0.5% per month.

As of July 22, 2022, the decision regarding the lawsuit that challenged the possibility of transferring the reservoirs was published in the State Official Gazette, preventing the transfer of the reservoirs to SABESP. Accordingly, as provided for in the agreement, the São Paulo State will pay SABESP, in addition to the principal, an inflation adjustment of R$ 316,027 (restated until February 2015) in 60 installments, beginning in April 2030. The amount will be adjusted by IPCA until the initial date of the payments and, as of that date, IPCA plus simple interest of 0.5% per month will be levied on the amount of each installment.

In July 2022, R$ 325,561 referring to the adjustment for inflation until that date was recorded at present value.

As of December 31, 2024, the balance receivable was R$ 112,813 in current assets (R$ 106,022 as of December 31, 2023) and R$ 907,514 in noncurrent assets (R$ 933,911 as of December 31, 2023).

(b) Agreements with reduced tariffs for State Entities that join the Rational Water Use Program (PURA)

The Company has signed agreements with government entities related to the São Paulo State Government that benefit them with a reduction of 25% in the tariff of water supply and sewage services when they are not in default. These agreements provide for the implementation of the rational water use program, which takes into consideration the reduction in water consumption.

(c) Guarantees

The São Paulo State provides guarantees for some of the Company's borrowings and financing and does not charge any related fees. See Note 18.

(d)Personnel assignment agreement among entities related to the São Paulo State Government

The Company has personnel assignment agreements with entities related to the State Government, whose expenses are fully charged.

In 2024, expenses with employees assigned to other state entities totaled R$ 5,669 (R$ 8,165 in 2023 and R$ 800 in 2022).

No expenses with employees from other entities assigned to the Company were recorded in 2024, 2023 and 2022. Due to privatization, this practice no longer exists after this event.

(e) Non-operating assets

As of December 31, 2024 and 2023, the Company had an amount of R$ 3,613 related to a land and lent structures.

(f) Use of Reservoirs – EMAE

Empresa Metropolitana de Águas e Energia S.A. (EMAE) planned to receive the credit and obtain financial compensation for alleged past and future losses in electricity generation arising from water collection, and compensation for costs already incurred and to be incurred with the

operation, maintenance, and inspection of the Guarapiranga and Billings reservoirs used by SABESP in its operations.

As of October 28, 2016, the Company entered into an agreement based on a Private Transaction Agreement and Other Covenants to settle the disputes fully and completely and SABESP will continue using the reservoirs.

As of December 31, 2024, the balance of the agreement totaled R$ 9,434 and R$ 104,489 (R$ 8,876 and R$ 99,279 as of December 31, 2023), recorded in Other liabilities, under current and noncurrent liabilities, respectively.

As of August 2, 2024, the São Paulo State Government completed the sale of its equity interest in EMAE, which has not been considered a related party to the Company since that date.

(g)SABESPREV

The Company sponsors a defined benefit plan (G1 Plan), which is operated and administered by SABESPREV. The net actuarial liability recognized as of December 31, 2024 totaled R$ 132,244 (R$ 44,249 as of December 31, 2023). See Note 24.

(h)Compensation of the Fiscal Council and Management Key Personnel

The compensation of the Executive Officers, members of the Audit Committee, Boards of Directors, and Fiscal Councils of the Companies controlled by the São Paulo State complies with the guidelines defined at the Annual Shareholders' Meeting held on April 25, 2024.

In addition to the monthly compensation, the members of the Board of Directors, Fiscal Council, and Executive Board receive an annual reward equivalent to a monthly fee, calculated on a prorated basis referring to fees in effect, in December of each year. The purpose of this reward is to define a compensation similar to the Christmas bonus paid to the Company's registered employees, given that the relationship of Management with the Company has a statutory nature.

Benefits paid to Executive Officers only - meal vouchers, food vouchers, health insurance, private pension, daycare assistance, annual leave (with the characteristic of paid leave for thirty (30) calendar days, including vacation bonuses granted under the same criteria offered to employees, paid at the time of the leave), and FGTS.

SABESP pays bonuses for purposes of compensation of its Executive Officers, under the guidelines approved at the latest General Shareholders' Meeting, such as a motivation policy, provided that the Company actually calculates quarterly, semi-annual, and annual profits, and distributes mandatory dividends to shareholders, even if in the form of interest on capital. Annual bonuses cannot exceed six times each Executive Officer's monthly compensation or 10 % of the interest on capital paid by the Company, prevailing the shortest amount.

With the completion of the privatization process, the Company no longer has a controlling shareholder. As a result, the expenses related to the compensation of the members of the Fiscal Council, appointed by GESP (the controlling shareholder at the time), and Management totaled R$ 8,550 in 2023.

Additional amounts of R$ 2,043 and R$ 1,885, referring to the executive officers' bonus program, were recorded in 2024 and 2023, respectively.

(i) Loan agreement through credit facility

Águas de Andradina

The Company entered into a loan agreement through a credit facility with SPE Águas de Andradina S/A to finance the operations of that company.

As of December 31, 2024, the balance of principal and interest of this agreement totaled R$ 4,007, which was recorded in "Other assets" under current assets (R$ 694 and R$ 2,814, respectively, as of December 31, 2023), at CDI + 3% p.a.

This agreement was executed on August 17, 2021. The amount of principal adjustment, accrued interest, and any other taxes must be paid in full by August 31, 2025.

Sabesp Olímpia

The Company formalized a loan agreement through a credit facility with Sabesp Olímpia S/A, making available the necessary funds for the payment of the first installment of the Fixed Concession Fee to the Municipality of Estância Turística de Olímpia, which was a prerequisite for the signing of the water and sewage concession agreement.

As of December 31, 2024, the balance of principal and interest of this agreement totaled R$ 2,934 and R$ 85,977, respectively, which was recorded in "Other assets" under current and noncurrent assets (R$ 78,611 as of December 31, 2023, recorded in "Other assets" under noncurrent assets), at CDI + 2% p.a.

The agreement referring to the first installment was executed on September 26, 2023. The principal plus the accumulated interest on it, along with the second installment of the concession fee, of R$ 80,707, will be used for capital increase in SABESP Olímpia.

(j)FEHIDRO

In April 2021, the Company entered into three financing agreements under the State Fund for Water Resources (FEHIDRO). The funds are aimed at the execution of works and sewage services

in the municipalities of São Paulo, Itapecerica da Serra and Vargem Grande Paulista. The investment totaled R$ 10.8 million, R$ 8.7 million of which, or 80% of the total, are financed by FEHIDRO and R$ 2.1 million, or 20% of the total, will be financed by SABESP. The financing interest rate is 3.00% p.a., with a total term of 59 months, 18 months of which corresponds to the grace period, and 41 months to amortization.

As of December 31, 2024, the balance of these financings totaled R$ 2.8 million (as of December 31, 2023 – R$ 1.3 million).

(k)Privatization Process

According to Article 7 of Law 9,361/1996, the controlling shareholder will be reimbursed, upon the privatization, for the contracting of independent audit firms, law firms, opinions, or specialized studies necessary to the privatization.

The amount to be reimbursed by the São Paulo State as of December 31, 2024 was R$ 99,653 recorded under "Other assets"

(l)Equatorial S.A.

In July 2024, Equatorial Participações e Investimentos IV S.A., controlled by Equatorial S.A, acquired shares representing 15% (fifteen percent) of the share capital of SABESP. In December 2024, Equatorial S.A. absorbed its subsidiary, becoming the direct holder of the equity stake in SABESP. As of December 31, 2024, the balance of dividends and interest on capital payable was R$ 341,272.

12 Investments

The Company holds interests in certain Special Purpose Entities (SPE). Although SABESP has no majority shares of its investees, the shareholders' agreement provides for the power of veto in certain management issues, however, with no ability to use such power of veto in a way to affect the returns over the investments, indicating participating shared control (joint venture – IFRS 11), except for SABESP Olímpia, in which the Company holds a stake of 100% and meets the control requirements, consolidated this SPE, according to the Accounting Policy described in Note 3.1.

1. Sesamm

As of August 15, 2008, Sesamm – Serviços de Saneamento de Mogi Mirim S/A was incorporated for a 30 year term from the signature date of the concession agreement with the municipality, to provide services to complement the implementation of the sewage removal system and implementation of the operation of the sewage treatment system in the municipality of Mogi Mirim, including the disposal of solid waste.

As of December 31, 2024, the company's share capital was R$ 19,532, divided into 19,532,409 registered common shares with no par value, of which SABESP holds an interest of 36%, while GS Inima holds an interest of 64%.

The operations initiated in June 2012.

2. Águas de Andradina

As of September 15, 2010, Águas de Andradina S.A. was incorporated, for an indefinite term, to provide water supply and sewage services to the municipality of Andradina.

As of December 31, 2024, the company's share capital was R$ 17,936, divided into 17,936,174 registered common shares with no par value, of which SABESP holds an interest of 30%, while Iguá holds an interest of 70%.

The Company pledges 100% of the interest held in Águas de Andradina as a guarantee for the issue of Letters of Guarantee with BNDES.

The operations initiated in October 2010.

3. Águas de Castilho

As of October 29, 2010, Águas de Castilho was incorporated to provide water supply and sewage services in the municipality of Castilho.

As of December 31, 2024, the company's share capital was R$ 2,785, divided into 2,785,276 registered shares with no par value, of which SABESP holds an interest of 30%, whilw Iguá holds an interest of 70%.

The Company pledges 100% of the interest held in Águas de Castilho as a guarantee for the issue of Letters of Guarantee with BNDES.

The operations initiated in January 2011.

4. Attend Ambiental

As of August 23, 2010, Attend Ambiental S/A was incorporated to implement and operate a pre-treatment station of non-domestic effluents and sludge transportation in the metropolitan region of São Paulo, as well as the development of other related activities and the creation of similar infrastructures in other locations in Brazil and abroad.

As of December 31, 2024, the company's share capital was R$ 23,494, divided into 37,677,245 registered common shares with no par value, of which SABESP holds an interest of 45%, while Estre holds an interest of 55%.

The operations initiated in December 2014.

5. Aquapolo Ambiental S/A.

As of October 8, 2009, Aquapolo Ambiental, was incorporated with the purpose of producing, supplying, and selling reuse water to Quattor Química S.A., Quattor Petroquímica S.A., Quattor Participações S.A. and other companies that are part of the Petrochemical Center of Capuava and the São Paulo ABC region.

As of December 31, 2024, the company's share capital was R$ 36,412, divided into 42,419,045 registered common shares with no par value, of which SABESP holds an interest of 49%, while GS Inima Industrial holds an interest of 51%.

The Company pledges 100% of the interest held in Aquapolo Ambiental S/A as a guarantee for the borrowing obtained through a debenture issue.

The operations initiated in October 2012.

6. Paulista Geradora de Energia

As of April 13, 2015, the Company acquired shares from Empresa Paulista Geradora de Energia S/A, jointly with Servtec Investimentos e Participações Ltda ("Servtec") and Tecniplan Engenharia e Comércio Ltda ("Tecniplan"), whose purpose is the implementation and commercial exploration of hydraulic potentials in Small Hydroelectric Power Plants (SHPPs) located at the Guaraú and Vertedouro Cascata Water Treatment Stations.

As of December 31, 2024, the company's share capital was R$ 28,989, divided into 288,988,640 registered common shares with no par value, of which SABESP holds an interest of 25%, Servtec 37.5%, and Tecniplan 37.5%.

The operations initiated in March 2023.

7. Cantareira SP Energia

As of October 28, 2022, Cantareira SP Energia S/A was created with the purpose of developing, producing, and selling photovoltaic energy; selling and purchasing energy; renting, loaning, and leasing own or third-party assets; operating and maintaining energy generation plants; and holding an interest in other companies.

As of December 31, 2024, the company's share capital was R$ 1,000, divided into 1,000,000 registered common shares with no par value, of which SABESP holds an interest of 49%, while Pacto SP Energia I Ltda. holds an interest of 51%.

As of December 31, 2024, operations had not initiated yet.

8. Baruei Energia Renovável (former FOXX URE-BA Ambiental S/A)

As of December 22, 2022, SABESP acquired shares from FOXX URE-BA Ambiental S/A, for R$ 40,000 for the acquisition of 20% of the company's share capital, corresponding to R$ 13,852. The difference paid, of R$ 26,148, was recorded in intangible assets under "Right of use – Investments". The business purpose of FOXX URE-BA is to provide services, under a concession regime, related to the treatment and final disposal of solid urban waste, including all waste from domestic and commercial collection, sweeping, pruning, cleaning of streets and other public highways, and the urban drainage system, the provision of these services and related activities to third parties with which it has executed contracts for such a purpose, including investments and works of the treatment unit, implemented and operated by the company, for the treatment and final disposal of waste, operation of revenue sources, carbon credits, and the byproduct resulting from the treatment process and final disposal of urban solid waste, as well as selling electricity.

As of December 31, 2024, the company's share capital was R$ 274,755, divided into 274,754,806 registered common shares with no par value, of which SABESP holds an interest of 20%, while FOXX Inova Ambiental S/A holds an interest of 80%.

9. Infranext Soluções em Pavimentação S/A

As of December 7, 2022, SPE Infranext Soluções e Pavimentação S/A was created to sell cold asphalt and related products, provide related services, make investments, and hold interest in other companies.

As of December 31, 2024, the company's share capital was R$ 7,050, divided into 7,050,000 registered common shares with no par value, and can be increased up to R$ 12,000, divided into 12,000,000 registered common shares with no par value, of which SABESP holds an interest of 45% and DVS – Locação de Equipamentos Ltda. holds 55%.

As of December 31, 2024, operations had not initiated yet.

10. SABESP Olímpia S/A

As of August 11, 2023, Sabesp Olímpia S/A was incorporated with the corporate purpose of providing public water supply and sewage services in the municipality of Olímpia/SP, under the Concession Agreement resulting from the Bid Notice 02/2023.

As of December 31, 2024, the company's share capital was R$ 811, divided into 811.121 registered common shares with no par value. The company's total share capital will be R$ 8,111, divided into 8,111,208 registered common shares with no par value, of which SABESP will hold an interest of 100%.

The operations initiated in December 2023.

Interests in investees

The Company holds equity interest valued by the equity accounting in the following investees:

Company	Equity			Contribution	Dividends distributed	Profit (loss) for the year			
	2024	2023	2022	2024	2024	2024	(*)	2023	2022
Sesamm	75,307	61,275	59,371	-	(4,677)	18,709	-	20,389	14,825
Águas de Andradina	37,959	34,088	30,777	-	(1,068)	4,939	-	3,311	1,186
Águas de Castilho	8,782	12,784	10,787	-	(6,157)	2,155	-	1,997	1,403
Attend Ambiental	55,162	43,263	29,729	-	(6,987)	18,886	-	17,749	8,177
Aquapolo Ambiental	116,688	102,442	73,926	-	(26,758)	41,004	-	37,516	30,496
Paulista Geradora de Energia (**)	27,004	42,307	10,486	-	-	(443)	-	1,728	(744)
Cantareira SP Energia	10,613	10,650	1,000	-	-	(37)	-	(464)	-
Barueri Energia Renovável	251,420	63,309	69,258	201,172	-	(12,477)	(584)	(1,686)	-
Infranext Soluções em Pavimentação	4,154	4,699	7,050	-	-	(522)	(23)	(2,351)	-
Sabesp Olímpia	(16,766)	(3,066)	-	-	-	(13,700)	-	(3,877)	-

(*) The amount presented refers to changes in the equity of the investee, as its financial statements for the year ended December 31, 2023 were issued after the disclosure of SABESP's consolidated financial statements.

(**) The reduction in Equity is due to Advances for Future Capital Increase from other investors that were not converted into share capital, totaling R$ 14,860.

The balances of investments and the respective changes are as follows:

Investiments	Contribution	Dividends distributed	Reclassification (***)	Equity in the earnings of subsidiaries	Interest percentage

	2024	2023	2024	2024	2024	2024	Reversal	(*)	2023	2022	2024	2023	2022
Sesamm	27,111	22,059	-	(1,683)	-	6,735		-	7,340	5,337	36%	36%	36%
Águas de Andradina	11,387	10,225	-	(320)	-	1,482		-	992	356	30%	30%	30%
Águas de Castilho	2,635	3,835	-	(1,847)	-	647		-	599	421	30%	30%	30%
Attend Ambiental	24,824	19,469	-	(3,143)	-	8,498		-	7,987	3,680	45%	45%	45%
Aquapolo Ambiental	57,178	50,196	-	(13,111)	-	20,093		-	18,383	14,943	49%	49%	49%
Paulista Geradora de Energia	6,750	6,861	-	-	-	(111)		-	432	(186)	25%	25%	25%
Cantareira SP Energia	5,194	5,212	-	-	-	(18)		-	(227)	-	49%	49%	49%
Barueri Energia Renovável	50,285	12,663	40,234	-	-	(2,495)		(117)	(2,054)	-	20%	20%	20%
Infranext Soluções em Pavimentação	-	-	-	-	(608)	(235)	853	(10)	(1,058)	-	45%	45%	45%
Total	185,364	130,520	40,234	(20,104)	(608)	34,596	853	(127)	32,394	24,551			
FOXX URE-BA Ambiental (**)	24,340	25,244											
Other investments	6,099	6,099											
Overall total	215,803	161,863											

(*) Refers to changes in the equity of investees, as their financial statements for the year ended December 31, 2023 were issued after the disclosure of SABESP's consolidated financial statements.

(**) The amount presented refers to the fair value adjustment in the acquisition of Barueri Energia Renovável in 2024.

(***) Theamount of the investee's loss exceeding the investment was reclassified to Noncurrent Liabilities.

As of July 02, 2024, Barueri Energia Renovável S.A. ("Barueri Energia") issued simple debentures, not convertible into shares, with additional personal guarantees, in a single series, totaling R$ 395,000, to finance the investments expected in its business plan. SABESP pledged its shareholding as a collateral for the issue and provided an Equity Support Agreement (ESA) as security instruments, observing the limit of its shareholding to 20% of the transaction value, i.e. R$ 79,000.

13 Investment Properties

	December 31, 2023	Depreciation	December 31, 2024
Investment properties	46,678	(48)	46,630

As of December 31, 2024, the market value of these properties was approximately R$453,700 (R$ 393,600 as of December 31,2023).

	December 31, 2022	Depreciation	December 31, 2023
Investment properties	46,726	(48)	46,678

	December 31, 2021	Additions	Depreciation	December 31, 2022
Investment properties	46,126	648	(48)	46,726

14 Contract assets

	December 31, 2023	Additions (i)	Write-offs (i)	Transfers	Transfers of works to intangible assets (ii)	December 31, 2024 (iii)
Total contract assets	7,393,096	6,675,914	(164,022)	5,796	(9,033,117)	4,877,667

(i) The largest additions of the period are located in the municipalities of São Paulo, Guarulhos and Praia Grande, in the amounts of R$ 2,744 million, R$ 518 million and R$ 239 million, respectively.

(ii) The largest transfers of the period are located in the municipalities of São Paulo, Guarulhos and Itanhaém, in the amounts of R$ 3,632 million, R$ 353 million and R$ 241 million, respectively.

(iii) The largest works are located in the municipalities of São Paulo, Guarulhosa and Francisco Morato, in the amounts of R$ 1,165 million, R$ 418 million and R$ 260 million, respectively.

As of December 31, 2024 and 2023, there were no leases amounts recorded in the contract assets recognized before December 31, 2019 in accordance with IAS 17.

	December 31, 2022	Additions (i)	Transfers	Transfers of works to intangible assets (ii)	December 31, 2023 (iii)

Total contract assets	8,613,968	6,026,053	384	(7,247,309)	7,393,096

	December 31, 2021	Additions (i)	Transfers	Transfers of works to intangible assets	December 31, 2022
Total contract assets	8,550,102	5,240,528	2,702	(5,179,364)	8,613,968

(a) Capitalization of interest and other finance charges

The Company capitalizes interest, inflation adjustments, and exchange variations in the contract asset, totaling R$ 564,302 (R$ 638,208 in 2023 and R$ 622,803 in 2022) during the construction period.

(b)Construction margin

The Company is primarily responsible for the construction and installation of the concession infrastructure, either by using its employees or contracting third parties, and is significantly exposed to its risks and benefits. Accordingly, the Company recognizes revenue from construction services corresponding to construction costs increased by gross margin.

Constructions related to the concessions are usually performed by third parties. In such a case, the margin is lower, to cover administration costs and the assumption of responsibility for primary risk is lower. In 2024 and 2023 the margin was 2.3%.

Construction margin for 2024, 2023 and 2022 were R$ 139,976, R$ 125,603 and R$ 109,369, respectively.

(c)Expropriations

As a result of the construction of priority projects related to water and sewage systems, the Company is required to expropriate third party properties, whose owners are compensated either amicably or through court.

The costs of such expropriations are recorded in the contract asset the execution of the works. In 2024 and 2023, the total referring to expropriations was R$ 64,047 and R$ 58,682, respectively.

15 Intangible assets

(a) Statement of financial position details

	December 31, 2024			December 31, 2023		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Intangible right arising from:						
Concession agreements – equity value	-	-	-	747,925	(241,808)	506,117
Concession agreements – economic value	-	-	-	1,686,384	(1,048,624)	637,760
Concession agreements – new contracts	148,000	(5,344)	142,656	148,000	(411)	147,589
Concession agreements – others	112,456	(52,964)	59,492	-	-	-
Program contracts	-	-	-	30,267,977	(9,583,480)	20,684,497
Program contracts – commitments	4,437,857	(588,098)	3,849,759	1,709,757	(497,731)	1,212,026
Services contracts – São Paulo	-	-	-	29,161,286	(8,967,701)	20,193,585
Concession agreement – URAE-1	62,042,186	(22,085,992)	39,956,194	-	-	-
Software license of use	1,570,845	(932,558)	638,287	1,300,504	(787,280)	513,224
Right of use - other assets	240,106	(115,370)	124,736	217,204	(99,144)	118,060
Total	68,551,450	(23,780,326)	44,771,124	65,239,037	(21,226,179)	44,012,858

(b)Changes

	December 31, 2023	Addition	Transfer of contract assets	Transfers	Write-offs and disposals	Amortization	Transfers to Financial Assets	December 31, 2024
Intangible right arising from:								
Concession agreements – equity value	506,117	-	13,216	(508,709)	(22)	(10,602)	-	-
Concession agreements – economic value	637,760	(181)	13,005	(576,439)	-	(74,145)	-	-
Concession agreements – new contracts	147,589	-	-	-	-	(4,933)	-	142,656
Concession agreements – others	-	-	4,090	57,445	-	(2,043)	-	59,492
Program contracts	20,684,497	-	1,392,259	(21,469,330)	(1,020)	(606,406)	-	-
Program contracts – commitments	1,212,026	2,728,100	-	-	-	(90,367)	-	3,849,759
Services contracts – São Paulo	20,193,585	-	801,993	(20,278,339)	(1,327)	(715,912)	-	-
Concession agreement – URAE-1	-	20,712	6,573,841	42,727,540	(4,449)	(911,134)	(8,450,316)	39,956,194

Software license of use	513,224	29,972	234,713	4,989	-	(144,611)	-	638,287
Right of use – other assets	118,060	84,048	-	-	(46)	(77,326)	-	124,736
Total	44,012,858	2,862,651	9,033,117	(42,843)	(6,864)	(2,637,479)	(8,450,316)	44,771,124

As of December 31, 2024, the URAE-1 concession agreement line included leases totaling R$ 338,740 (R$ 43,738 and R$ 330,941 as of December 31, 2023, recorded under concession agreements - equity value, and program contracts, respectively).

	December 31, 2022	Addition	Transfer of contract assets	Transfers	Write-offs and disposals	Amortization	December 31, 2023
Intangible right arising from:							
Concession agreements – equity value (*)	499,326	22	27,774	(934)	(307)	(19,764)	506,117
Concession agreements – economic value	652,039	60	115,841	63	(119)	(130,124)	637,760
Concession agreements – new contracts	-	148,000	-	-	-	(411)	147,589
Program contracts (*)	18,337,459	159	3,337,155	93,417	(4,933)	(1,078,760)	20,684,497
Program contracts – commitments	1,264,992	-	-	-	-	(52,966)	1,212,026
Services contracts – São Paulo	17,870,451	430	3,717,006	(113,378)	(2,237)	(1,278,687)	20,193,585
Software license of use	595,404	1,397	49,533	(88)	-	(133,022)	513,224
Right of use – Other assets	75,052	108,405	-	-	(31)	(65,366)	118,060
Right of use – Investments	26,148	-	-	(26,148)	-	-	-
Total	39,320,871	258,473	7,247,309	(47,068)	(7,627)	(2,759,100)	44,012,858

(*) As of December 31, 2023, intangible assets include leases recognized before December 31, 2018 in accordance with IAS 17 amounting to R$ 374,679 - R$ 43,738 recognized as concession agreements – equity value and R$ 330,941 recognized as program contracts (R$ 222,572 as of December 31, 2022 – R$ 54,356 recognized as concession agreements – equity value and R$ 168,216 recognized as program contracts).

	December 31, 2021	Addition	Transfer of contract assets	Transfers	Write-offs and disposals	Amortization	December 31, 2022
Intangible right arising from:							
Concession agreements – equity value (*)	491,057	-	27,166	(144)	(115)	(18,638)	499,326
Concession agreements – economic value	681,441	13	48,428	33,576	(9)	(111,410)	652,039
Program contracts (*)	17,152,021	6,635	2,132,675	2,944	(2,800)	(954,016)	18,337,459

Program contracts – commitments	1,317,957	-	-	-	-	(52,965)	1,264,992
Services contracts – São Paulo	16,158,771	208	2,855,284	(41,133)	(6,063)	(1,096,616)	17,870,451
Software license of use	598,734	214	115,811	6	-	(119,361)	595,404
Right of use – Other assets	103,853	42,182	-	-	(67)	(70,916)	75,052
Right of use – Investments	-	26,148	-	-	-	-	26,148
Total	36,503,834	75,400	5,179,364	(4,751)	(9,054)	(2,423,922)	39,320,871

(*) As of December 31, 2022, intangible assets include leases recognized before December 31, 2018 in accordance with IAS 17 amounting to R$ 222,572 - R$ 54,356 recognized as concession agreements – equity value and R$ 168,216 recognized as program contracts (R$ 245,681 as of December 31, 2021 – R$ 65,012 recognized as concession agreements – equity value and R$ 180,669 recognized as program contracts).

(c) Intangible arising from concession agreements

The Company operates concession agreements for water supply and sewage services mostly based on agreements that define rights and obligations regarding to the exploration of assets related to the provision of public services. The agreements provide for the return of the assets to the granting authority at the end of the concession period.

As of December 31, 2024, the Company operated in 375 municipalities in the São Paulo State, including the municipality of Olímpia (376 municipalities as of December 31, 2023). The agreement with URAE-1 includes 371 municipalities and is effective until 2060. The provision of services is remunerated in the form of tariffs and regulated by ARSESP.

Intangible rights arising from concession agreements include:

(i) Concession agreements – new contracts

These refer to contracts awarded through bidding processes following the New Legal Sanitation Framework. The assets are amortized over the contracted period or the useful life of the underlying assets, whichever is shorter.

(ii) Concession agreements – others

Mianly refer to the assets of the agrément executed with the municipalities of Miguelópolis, Quintana e Nova Guataporanga, which did not join URAE-1.

(iii) Concession agreement – URAE-1

Concession Agreement 01/2024 (Agreement) between URAE-1 and the Company became effective on July 23, 2024. URAE-1 is composed of 371 municipalities.

The agreement regulates the operation of sanitation services and establishes:

- The services the operator must provide and the municipalities where these services must be rendered;

- The performance indicators for the provision of sanitation services regarding the quality of services rendered, coverage of services, and losses. To meet these obligations, continuous investments are made throughout the concession term. Therefore, the assets tied to the URAE-1 concession agreement may need to be replaced several times before the end of the concession;

- At the end of the concession, infrastructure-related assets must revert to the granting authority, subject to compensation;

- The price is regulated through a tariff mechanism established in the concession agreements, which also defines the tariff review modalities, which should be sufficient to cover costs, the amortization of investments, and return on the capital invested.

The Agreement was executed following the New Framework for Basic Sanitation, Law 14,026/2020, which amended points in Law 11,445/2007, imposing restrictions regarding the extension of program contracts, i.e. the granting authorities can no longer contract directly and must conduct bidding processes for the services.

Under this framework, a financial asset was recognized given that there is an unconditional contractual right to receive cash or another financial asset from the grantor for construction services (indemnity), which generally must be paid before services resume, according to the contract.

In this new structure, considering the expiration date of the Contract, i.e. October 19, 2060, investments where the asset's useful life exceeds the term of the contract will be indemnified, duly restated by the IPCA/IBGE for reversible assets and values related to work in progress that have not yet been capitalized.

Accordingly, due to the transition of the 371 agreements into a single agreement with URAE-1, since July 2024, SABESP started to recognize the financial asset that is reclassified from Intangible assets, referring to the contractual rights to receive cash (indemnity) at the end of the contract, which corresponds to investments made and not recovered, as shown in Notes 15 and 16.

Furthermore, the Agreement also provides for variable transfers to the Municipal Fund for Environmental Sanitation and Infrastructure (FMSAI) as follows:

- São Paulo: variable during the term of the agrément, as detailed below;

- São José dos campos: 5%
- Other 369 municipalities: 4%

Regarding the Municipality of São Paulo, we have the following characteristics:

(a) 7.5% of the Net Revenue between 2025 and 2040;

(b) 8% of the Net Revenue between 2041 and 2060;

(c) Of the amount mentioned in item (a), to align the implementation of municipal urban public policy with the Universalization schedule, 5.5% levied on the estimated Net Revenue for the period between 2025 and 2029 was paid by SABESP in a single installment of R$ 2,280,000 on August 22, 2024. The Municipality of São Paulo acknowledged that the amount paid represented SABESP's settlement of its obligation regarding the early portion transferred to the Municipal Fund for Environmental Sanitation and Infrastructure (FMSAI), which will be amortized over the term of the agreement;

(d) Without prejudice to the early payment mentioned in item (c) above, to reach the total transfer percentage of 7.5% mentioned in item (a), 2.0% of Net Revenue between 2025 and 2029 will be paid by SABESP every quarter after the publication of its quarterly results;

(e) As of 2030, 7.5% of Net Revenue will be paid every quarter by SABESP until 2040, after the publication of its quarterly results; and

(f) As of 2041, 8.0% of Net Revenue will be paid every quarter by SABESP until 2060, after the publication of its quarterly results.

(vi) Services contracts - Municipality of São Paulo

Refers to the operations with the Municipality of São Paulo, with which the Company executed, along with the State, a contract to provide water supply and sewage services, on June 23, 2010, for 30 years, extendable for another 30 years. With the completion of the privatization process and the signing of the agreement with URAE-1, on July 23, 2024, the agreement with the Municipality of São Paulo is now included within URAE-1.

(d) Public-Private Partnership - PPP

SABESP carries out operations related to the PPP. These operations and their respective guarantees are supported by agreements executed according to Law 11,079/2004.

São Lourenço Production System (PPP SPSL)

In August 2013, the Company and the special purpose entity Sistema Produtor São Lourenço S/A, formed by Construções e Comércio Camargo Corrêa S/A and Construtora Andrade Gutierrez S/A, signed the Public-Private Partnership contracts of the São Lourenço Production System, valid for 25 years from the commencement of the works.

In May 2018, the control of SPE Sistema Produtor São Lourenço S/A was transferred to CGGC Construtora do Brasil Ltda, previously formed by Construções e Comércio Camargo Corrêa S/A and Construtora Andrade Gutierrez S/A.

The objective of the contract is: (i) the construction of a water production system, mainly consisting of a water pipeline connecting Ibiúna to Barueri, a water collection station in Ibiúna, a water treatment station in Vargem Grande Paulista and water reservoirs; and (ii) for the operation of the system to dewater, dry and provide final disposal of sludge, maintenance and works of the São Lourenço Production System project.

The works started in April 2014 and the São Lourenço Production System (SPSL) PPP started operating on July 10, 2018.

The amounts recorded in intangible assets are as follows:

	December 31, 2024	December 31, 2023
Alto Tietê	219,096	235,224
São Lourenço	2,386,192	2,556,002
Total	2,605,288	2,791,226

The obligations assumed by the Company as of December 31, 2024 and 2023 are shown in the table below:

	December 31, 2024			December 31, 2023		
	Current liabilities	Noncurrent liabilities	Total liabilities	Current liabilities	Noncurrent liabilities	Total liabilities
Alto Tietê	-	-	-	52,762	-	52,762
São Lourenço	452,323	2,853,896	3,306,219	435,164	2,798,688	3,233,852
Total	452,323	2,853,896	3,306,219	487,926	2,798,688	3,286,614

(e)Amortization of Intangible Assets

The average amortization rate totaled 2.8% as of December 31, 2023 (5.4% as of December 31, 2023 and 5.2% as of December 31, 2022). The average rate decreased after the signing of the new agreement with URAE-1, described in Note 15 (c) (iii) given that the new agreement is effective until October 19, 2060.

(f)Leases and right of use

Nature	December 31, 2024	December 31, 2023
Leases - Concession Agreement – URAE-1		
Cost	588,534	588,600
Accumulated amortization	(249,794)	(213,921)
(=) Net	338,740	374,679
Right of use - Other assets		
Vehicles	216,431	205,593
Properties	22,098	11,566
Equipment	1,577	45
Accumulated amortization	(115,370)	(99,144)
(=) Net	124,736	118,060
Total – Leases and Right of use	463,476	492,739

The lease liability corresponds to total future fixed lease payments, adjusted to present value, considering an incremental rate on borrowings. For further information, see Note 18.

The table below shows the impact in the income statements:

	Impact in the income statement		
	December 31, 2024	December 31, 2023	December 31, 2022
Right-of-use amortization	(114,111)	(96,429)	(105,551)
Financial result – interest expense and inflation adjustment	(134,509)	(75,108)	(72,050)
Short-term and low-value lease expenses	(28,411)	(26,776)	(25,365)
Decrease of the income of the year	(277,031)	(198,313)	(202,966)

(g)Performance Agreements

SABESP has performance agreements for the construction of assets, in which the contractor is paid for the delivery of results, not only for the execution of the construction works.

The performance agreements have three phases: (i) implementation of the scope - construction of the asset; (ii) calculation of the performance of the asset built; and (iii) payment of fixed installments.

SABESP monitors the performance of the agreement and recognizes the assets when future economic benefits are generated for the Company so that costs can be reliably measured. The performance value is part of the asset's cost, as it has better performance and, consequently, generates additional future economic benefits for the Company.

The limit to be paid to the supplier corresponds to 120% of the base value of the agreement. In most agreements, when the minimum performance percentage is not reached, the amount to be paid to the supplier will be the cost of the materials used in the construction of the assets only.

The accounting balances of current agreements recorded in the contract asset and intangible assets are as follows:

	December 31, 2024	December 31, 2023
Contract asset	380,204	183,876
Intangible assets	1,933,347	2,191,361
Total	2,313,551	2,375,237

As of December 31, 2024 and December 31, 2023, the obligations assumed by the Company are as follows:

	December 31, 2024			December 31, 2023		
	Current liabilities	Noncurrent liabilities	Total liabilities	Current liabilities	Noncurrent liabilities	Total liabilities
Total	287,109	137,441	424,550	634,501	168,298	802,799

16 Financial Asset (Indemnity)

With the completion of the privatization process and signing of the agreement with URAE-1 in July 2024, which resulted in a single agreement covering 371 municipalities with a new expiration day in 2060, providing greater legal security and granting an unconditional right to receive cash

at the end of the concession, the Company recognized a modification in the agreement, leading to a bifurcation of concession assets considering the contractual right that reversible and not fully amortized investments by the end of the agreement must be compensated.

The impacts of Income Tax and Social Contribution and PIS and Cofins will be deferred until the time of their realization.

The change in the balance of the Financial Asset resulting from the concession agreement with URAE-1 is as follows:

	December 31, 2023	Transfer of Intangible asset (a)	Update of the Financial Asset (b)	December 30, 2024
Financial Asset				
Concession Agreement - URAE-1	-	8,450,316	9,151,310	17,601,626
Total	-	8,450,316	9,151,310	17,601,626

(a)Correspond to transfers (bifurcation) of intangible assets to the financial asset of the concession, which were previously recognized at their cost;

(b)Review of the financial asset considering the restatement by the IPCA, as this is the rate used by the regulatory agency for the adjustment of assets to be compensated. A total of R$ 8,757,450 was recognized at initial bifurcation, in July 2024, with the start of the agreement with URAE-1.

17 Property, plant and equipment

(a) Statement of financial position details

	December 31, 2024				December 31, 2023			
	Cost	Accumulated depreciation	Net	Annual Depreciation average rate	Cost	Accumulated depreciation	Net	Annual Depreciation average rate
Land	94,751	-	94,751	-	94,228	-	94,228	-
Buildings	135,357	(47,035)	88,322	2.4%	125,672	(44,726)	80,946	2.2%
Equipment	502,967	(331,092)	171,875	13.9%	443,380	(313,193)	130,187	14.2%
Transportation equipment	35,224	(11,624)	23,600	10.2%	14,625	(10,384)	4,241	9.9%
Furniture and fixtures	41,378	(17,778)	23,600	6.7%	41,049	(15,876)	25,173	6.8%
Other	164,503	(5,103)	159,400	6.6%	140,548	(764)	139,784	6.5%
Total	974,180	(412,632)	561,548	9.6%	859,502	(384,943)	474,559	9.7%

(b) Changes

	December 31, 2023	Additions	Transfers	Write-offs and disposals	Depreciation	December 31, 2024
Land	94,228	-	523	-	-	94,751
Buildings	80,946	7,835	1,783	-	(2,242)	88,322
Equipment	130,187	29,434	42,153	(256)	(29,643)	171,875
Transportation equipment	4,241	17,597	2,628	-	(866)	23,600
Furniture and fixtures	25,173	1,111	(517)	(31)	(2,136)	23,600
Other	139,784	44,751	(20,907)	-	(4,228)	159,400
Total	474,559	100,728	25,663	(287)	(39,115)	561,548

	December 31, 2022	Additions	Transfers	Write-offs and disposals	Depreciation	December 31, 2023
Land	94,228	-	-	-	-	94,228
Buildings	47,968	5,832	28,459	(14)	(1,299)	80,946
Equipment	120,865	55,449	(18,121)	(641)	(27,365)	130,187
Transportation equipment	2,495	-	2,432	-	(686)	4,241
Furniture and fixtures	23,496	6,522	(3,060)	(72)	(1,713)	25,173
Other	49,887	79,446	10,826	-	(375)	139,784
Total	338,939	147,249	20,536	(727)	(31,438)	474,559

	December 31, 2021	Additions	Transfers	Write-offs and disposals	Depreciation	December 31, 2022
Land	94,213	-	15	-	-	94,228
Buildings	45,498	4,657	(976)	(45)	(1,166)	47,968
Equipment	115,154	27,849	1,988	(781)	(23,345)	120,865
Transportation equipment	2,472	175	658	(3)	(807)	2,495
Furniture and fixtures	22,079	2,646	394	(149)	(1,474)	23,496
Other	11,741	38,341	(30)	(78)	(87)	49,887
Total	291,157	73,668	2,049	(1,056)	(26,879)	338,939

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18 Borrowings and financing

Financial institution	December 31, 2024			December 31, 2023		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Local currency						
12th issue debentures	-	-	-	45,450	22,385	67,835
18th issue debentures	-	-	-	46,962	-	46,962
22nd issue debentures	179,350	-	179,350	170,957	170,616	341,573
23rd issue debentures	125,000	249,354	374,354	490,810	374,279	865,089
24th issue debentures	-	538,606	538,606	-	512,122	512,122
26th issue debentures	-	1,371,685	1,371,685	-	1,302,042	1,302,042
27th issue debentures	199,590	299,391	498,981	200,000	498,634	698,634
28th issue debentures	444,100	626,762	1,070,862	127,715	1,070,457	1,198,172
29th issue debentures	250,000	1,107,523	1,357,523	-	1,314,136	1,314,136
30th issue debentures	125,000	748,405	873,405	125,000	873,231	998,231
31th issue debentures	-	2,934,936	2,934,936	-	-	-
32th issue debentures	-	2,496,521	2,496,521	-	-	-
Brazilian Federal Savings Bank	123,495	1,559,847	1,683,342	108,210	1,508,275	1,616,485
Brazilian Development Bank - BNDES PAC II 9751	7,348	9,131	16,479	7,286	16,316	23,602
Brazilian Development Bank - BNDES PAC II 9752	4,978	6,223	11,201	4,936	11,107	16,043
Brazilian Development Bank - BNDES ONDA LIMPA	6,855	-	6,855	27,219	6,766	33,985
Brazilian Development Bank - BNDES TIETÊ III	202,398	455,333	657,731	200,693	652,175	852,868
Brazilian Development Bank - BNDES 2015	34,436	328,772	363,208	34,146	360,021	394,167
Brazilian Development Bank - BNDES 2014	6,694	3,552	10,246	6,638	10,107	16,745
Inter-American Development Bank - IDB 2202	181,349	1,803,222	1,984,571	181,349	1,983,615	2,164,964
Inter-American Development Bank - IDB INVEST	44,300	771,201	815,501	39,550	814,840	854,390
Inter-American Development Bank - IDB INVEST 2022	18,800	419,697	438,497	14,100	438,241	452,341
Inter-American Development Bank - IDB INVEST 2023	16,450	431,410	447,860	14,100	447,791	461,891
International Finance Corporation – IFC 2022	34,200	680,626	714,826	22,800	713,910	736,710

Financial institution	December 31, 2024			December 31, 2023		
	Current	Noncurrent	Total	Current	Noncurrent	Total
International Finance Corporation – IFC 2023	10,000	977,574	987,574	-	986,651	986,651
International Finance Corporation – IFC 2024	-	1,048,579	1,048,579	-	-	-
Leases (Concession Agreements, Program Contracts and Contract Asset)	108,533	208,611	317,144	49,884	259,326	309,210
Leases (Others)	97,657	53,267	150,924	68,499	73,801	142,300
Other	1,868	931	2,799	3,003	2,910	5,913
Interest and other charges	548,372	-	548,372	377,398	-	377,398
Total in local currency	2,770,773	19,131,159	21,901,932	2,366,705	14,423,754	16,790,459

Borrowings and financing outstanding balance	December 31, 2024			December 31, 2023		
Financial institution	Current	Noncurrent	Total	Current	Noncurrent	Total

Foreign currency						
Inter-American Development Bank - IDB 1212 – US$10,278 thousand (US$20,556 thousand in December 2023)	63,645	-	63,645	49,759	49,759	99,518
Inter-American Development Bank - IDB 4623 – US$156,958 thousand (US$152,187 thousand in December 2023)	25,577	919,189	944,766	-	712,449	712,449
International Bank of Reconstruction and Development (IBRD) – IBRDs 7662 e 8916 – US$136,741 thousand (US$107,445 thousand in December 2023)	37,707	793,697	831,404	29,433	477,554	506,987
JICA 15 – ¥5,762,150 thousand (¥6,914,580 thousand in December 2023)	47,710	181,946	229,656	39,437	197,180	236,617
JICA 18 – ¥5,180,800 thousand (¥6,216,960 thousand in December 2023)	40,462	163,491	203,953	35,457	177,168	212,625
JICA 17 – ¥3,175,656 thousand (¥3,464,352 thousand in December 2023)	16,414	113,216	129,630	9,879	107,880	117,759
JICA 19 – ¥22,668,975 thousand (¥24,482,493 thousand in December 2023)	99,168	821,749	920,917	62,059	774,200	836,259
Interest and charges	32,394	-	32,394	23,677	-	23,677
Total in foreign currency	363,077	2,993,288	3,356,365	249,701	2,496,190	2,745,891
Total borrowings and financing	3,133,850	22,124,447	25,258,297	2,616,406	16,919,944	19,536,350

Exchange rate as of December 31, 2024: US$6.1923; ¥0.03947 (as of December 31, 2023: US$4.8413; ¥0.03422).

As of December 31, 2024, the Company did not have balances of borrowings and financing, raised during the year, to maturing within 12 months.

	December 31, 2024		
Financial institution	**Amortized cost**	**Adjustment**	**Total**
JICA 15 – ¥ 5,762,150 thousand (december/23 – ¥ 6.914.580 thousand in December 2023)	227,432	2,224	229,656
JICA 18 – ¥ 5,180,800 thousand (¥ 6.216.960 thousand in December 2023)	204,388	(435)	203,953
JICA 17 – ¥ 3,175,656 mil (¥ 3.464.352 thousand in December 2023)	124,619	5,011	129,630
JICA 19 – ¥ 22,668,975 mil (¥ 24.482.493 thousand in December 2023)	893,329	27,588	920,917
Interest and charges	8,363	-	8,363
Total	1,458,131	34,388	1,492,519

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Local currency	Guarantees	Maturity	Annual interest rate	Inflation adjustment
12th issue debentures	Own funds	2025	TR + 9.5%	
18th issue debentures	Own funds	2024	TJLP + 1.92 % (Series 1 and 3) and 8.25% (Series 2)	IPCA (Series 2)
22nd issue debentures	Own funds	2025	CDI +0.58% (Series 1) and CDI + 0.90% (Series 2) and 6.0% (Series 3)	IPCA (Series 3)
23rd issue debentures	Own funds	2027	CDI +0.49% (Series 1) and CDI + 0.63% (Series 2)	
24th issue debentures	Own funds	2029	3.20% (Series 1) and 3.37% (Series 2)	IPCA (Series 1 and 2)
26th issue debentures	Own funds	2030	4.65% (series 1) and 4.95% (series 2)	IPCA (series 1 and 2)
27th issue debentures	Own funds	2027	CDI +1.60% (Series 1) and CDI + 1.80% (Series 2) and 2.25% (Series 3)	
28th issue debentures	Own funds	2028	CDI +1.20% (Series 1) and CDI + 1.44% (Series 2) and 1.60% (Series 3)	
29th issue debentures	Own funds	2036	CDI +1.29% (Series 1) and 5.3058% (Series 2) and 5.4478% (Series 3)	IPCA (series 2 and 3)
30th issue debentures	Own funds	2029	CDI +1.30% (Series 1) and 1.58% (Series 2)	
31th issue debentures	Own funds	2034	CDI +0.49% (Series 1) e CDI+1.10% (series 2) e CDI+1.31% (Series 3)	
32th issue debentures	Own funds	2026	CDI+ 0.30%	
Brazilian Federal Savings Bank	Own funds	2025/2042	5% to 9.5%	TR
Brazilian Development Bank – BNDES PAC II 9751	Own funds	2027	TJLP+1.72%	
Brazilian Development Bank – BNDES PAC II 9752	Own funds	2027	TJLP+1.72%	
Brazilian Development Bank – BNDES ONDA LIMPA	Own funds	2025	TJLP+1.92%	
Brazilian Development Bank – BNDES TIETÊ III	Own funds	2028	TJLP+1.66%	
Brazilian Development Bank – BNDES 2015	Own funds	2035	TJLP+2.18%	
Brazilian Development Bank – BNDES 2014	Own funds	2026	TJLP+1.76%	
Inter-American Development Bank – IDB 2202	Government	2035	CDI+0.86%	
Inter-American Development Bank – IDB INVEST	Own funds	2034	CDI+1.90% and CDI+2.70%	
Inter-American Development Bank – IDB INVEST 2022	Own funds	2036	CDI+2.50%	
Inter-American Development Bank – IDB INVEST 2023	Own funds	2036	CDI+0.50%	
International Finance Corporation – IFC 2022	Own funds	2032	CDI+2.00%	
International Finance Corporation – IFC 2023	Own funds	2033	CDI+2.00%	
International Finance Corporation – IFC 2024	Own funds	2034	CDI+0.3735%	
Fehidro	Own funds	2035	3%	
Leases (Concession Agreements, Program Contracts and Contract Asset)		2035	7.73% to 10.12%	IPC
Leases (Others)		2042	9.74% to 15.24%	

Foreign currency	Guarantees	Maturity	Annual interest rate	Exchange rate changes	Hedge cost
Inter-American Development Bank - IDB 1212 - US$10,278 thousand	Government	2025	SOFR + 5.34% (*)	US$	DI - 0.47% p.a.
Inter-American Development Bank - IDB 4623 - US$152,187 thousand	Government	2044	SOFR + 6.50940% (*)	US$	DI - 0.06% p.a.
International Bank for Reconstruction and Development (IBRD) – IBRDs 7662 and 8916 - US$111,425 thousand	Government	2034	SOFR + 5.89% and 6.99% (*)	US$	DI - 0.66% a.a. e DI +0.41% p.a.
JICA 15 – ¥5,762,150 thousand	Government	2029	1.8% and 2.5%	Yen	DI +0.82% p.a.
JICA 18 – ¥5,180,800 thousand	Government	2029	1.8% and 2.5%	Yen	DI +0.79% p.a.
JICA 17– ¥3,320,004 thousand	Government	2035	1.2% and 0.01%	Yen	DI - 0.25% p.a.
JICA 19– ¥22,668,975 thousand	Government	2037	1.7% and 0.01%	Yen	DI +0.32% p.a.

(i) Payment schedule – book value as of December 31, 2024

	2025	2026	2027	2028	2029	2030	2031 to 2044	TOTAL
LOCAL CURRENCY								
Debentures	1,323,040	3,719,487	1,415,030	674,405	1,316,921	1,288,121	1,959,219	11,696,223
Brazilian Federal Savings Bank	123,495	131,136	139,242	147,721	153,538	151,203	837,007	1,683,342
BNDES	262,709	252,712	239,862	84,973	34,436	34,436	156,592	1,065,720
IDBs – National	260,899	330,209	315,069	420,959	383,238	349,769	1,626,286	3,686,429
IFCs	44,200	64,450	91,400	147,450	218,700	335,000	1,849,779	2,750,979
Leases (Concession Agreements, Program Contracts and Contract Asset)	206,190	64,682	22,690	29,417	20,579	124,510	-	468,068
Other	1,868	931	-	-	-	-	-	2,799
Interest and other charges	548,372	-	-	-	-	-	-	548,372
TOTAL IN LOCAL CURRENCY	2,770,773	4,563,607	2,223,293	1,504,925	2,127,412	2,283,039	6,428,883	21,901,932
FOREIGN CURRENCY								
IDB	89,222	51,155	51,155	51,155	51,155	51,155	663,414	1,008,411
IBRD	37,707	37,707	37,707	37,707	50,233	62,759	567,584	831,404
JICA	203,754	169,367	169,367	169,367	169,269	82,983	520,049	1,484,156
Interest and other charges	32,394	-	-	-	-	-	-	32,394
TOTAL IN FOREIGN CURRENCY	363,077	258,229	258,229	258,229	270,657	196,897	1,751,047	3,356,365
Total	3,133,850	4,821,836	2,481,522	1,763,154	2,398,069	2,479,936	8,179,930	25,258,297

(ii) Changes

	December 31, 2023	Addition (lease)	Funding	Borrowing costs	Monetary and Exchange variation	Fair Value	Inflation adjustment / exchange variation and incorporated interest – Capitalized	Exchange rate change reclassified to OCI	Interest paid	Amortization payment	Accrued interest	Provision for interest and fees – Capitalized	Provision for interest/rates reclassifiedto OCI	Expenses with borrowing costs	December 31, 2024
EMMOEDA NACIONAL															
Debentures	7,534,818	-	5,440,478	(13,010)	116,330	-	25,579	-	(795,005)	(1,232,091)	801,565	169,235	-	14,124	12,062,023
Brazilian Federal Savings Bank	1,621,014	-	165,873	-	10,503	-	2,879	-	(128,418)	(112,399)	101,284	27,321	-	-	1,688,057
BNDES	1,341,472	-	-	-	7,413	-	2,518	-	(93,215)	(281,867)	67,629	24,887	-	238	1,069,075
BID 2202	2,252,742	-	-	-	-	-	-	-	(257,571)	(181,349)	139,993	104,513	-	955	2,059,283
BID INVEST 2020	900,367	-	-	-	-	-	-	-	(115,506)	(39,550)	15,854	93,554	-	661	855,380
IFC 2022	757,297	-	-	-	-	-	-	-	(94,577)	(22,800)	46,651	46,372	-	915	733,858
IFC 2023	1,006,642	-	-	(528)	-	-	-	-	(116,964)	-	61,841	60,871	-	1,451	1,013,313
IFC 2024	-	-	1,060,000	(11,428)	-	-	-	-	-	-	5,698	4,470	-	7	1,058,747
IDB INVEST 2022	454,543	-	-	-	-	-	-	-	(59,504)	(14,100)	59,752	-	-	256	440,947
IDB INVEST 2023	464,131	-	-	-	-	-	-	-	(59,907)	(14,100)	60,191	-	-	70	450,385
Leases (Concession Agreements, Program Contracts and Contract Asset)	309,210	-	-	-	-	-	-	-	(104,725)	-	112,659	-	-	-	317,144
Leases (Others)	142,300	84,048	-	-	-	-	-	-	(31,799)	(105,839)	62,214	-	-	-	150,924
Others	5,923	-	2,472	-	7		-	-	(178)	(5,625)	163	2	-	32	2,796
TOTAL IN LOCAL CURRENCY	16,790,459	84,048	6,668,823	(24,966)	134,253	-	30,976	-	(1,857,369)	(2,009,720)	1,535,494	531,225	-	18,709	21,901,932
FOREIGN CURRENCY															
IDBs	819,455	-	29,428	(4,096)	196,490	-	-	26,808	(58,916)	(53,446)	57,242	-	3,609	1,259	1,017,833
IBRD	515,015	-	204,314	(2,749)	132,645	-	9	21,920	(37,492)	(32,319)	40,715	298	3,065	596	846,017

JICA	1,411,421	-	-	-	196,087	34,388	994	-	(22,917)	(150,778)	22,314	800	-	206	1,492,515
TOTAL IN FOREIGN CURRENCY	2,745,891	-	233,742	(6,845)	525,222	34,388	1,003	48,728	(119,325)	(236,543)	120,271	1,098	6,674	2,061	3,356,365
Total	19,536,350	84,048	6,902,565	(31,811)	659,475	34,388	31,979	48,728	(1,976,694)	(2,246,263)	1,655,765	532,323	6,674	20,770	25,258,297

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	December 31, 2022	Addition (lease)	Funding	Borrowing costs	Monetary and Exchange variation	Inflation adjustment / exchange variation and incorporated interest – Capitalized	Interest paid	Amortization payment	Accrued interest	Provision for interest and fees – Capitalized	Expenses with borrowing costs	December 31, 2023
LOCAL CURRENCY												
Debentures	8,166,366	-	-	(2,043)	114,228	21,421	(839,833)	(741,812)	628,580	176,739	11,172	7,534,818
Brazilian Federal Savings Bank	1,526,185	-	174,058	-	22,023	5,475	(122,843)	(106,982)	98,428	24,670	-	1,621,014
BNDES	1,380,993	-	190,000	-	10,326	2,464	(97,829)	(241,992)	78,745	18,516	249	1,341,472
IDB 2202	2,450,550	-	-	-	-	-	(328,627)	(181,349)	135,524	175,689	955	2,252,742
IDB INVEST 2020	943,619	-	-	-	-	-	(138,676)	(37,340)	27,360	104,739	665	900,367
IFC 2022	774,525	-	-	-	-	-	(114,131)	(15,200)	15,029	96,160	914	757,297
IFC 2023	-	-	1,000,000	(13,652)	-	-	(2,434)	-	11,335	11,090	303	1,006,642
IDB INVEST 2022	469,327	-	-	-	-	-	(72,245)	(14,100)	71,305	-	256	454,543
IDB INVEST 2023	-	-	470,000	(1,083)	-	-	(41,022)	(7,050)	43,263	-	23	464,131
Leases (Concession Agreements, Program Contracts and Contract Asset)	357,844	-	-	-	-	-	(54,135)	(48,634)	54,135	-	-	309,210
Leases (Others)	101,374	108,405	-	-	-	-	(39,918)	(88,452)	60,891	-	-	142,300
Other	12,130	-	3,629	-	60	-	(587)	(9,884)	566	9	-	5,923
TOTAL IN LOCAL CURRENCY	16,182,913	108,405	1,837,687	(16,778)	146,637	29,360	(1,852,280)	(1,492,795)	1,225,161	607,612	14,537	16,790,459
FOREIGN												

CURRENCY												
IDBs	532,693	-	384,824	(5,137)	(45,895)	-	(33,808)	(51,178)	36,929	-	1,027	819,455
IBRD	399,762	-	173,547	(3,032)	(30,374)	-	(22,089)	(31,009)	27,663	57	490	515,015
JICA	1,803,109	-	-	-	(231,877)	105	(26,795)	(157,785)	23,697	763	204	1,411,421
IDB 1983AB	40,194	-	-	-	(1,813)	-	(1,447)	(38,323)	909	311	169	-
TOTAL IN FOREIGN CURRENCY	2,775,758	-	558,371	(8,169)	(309,959)	105	(84,139)	(278,295)	89,198	1,131	1,890	2,745,891
TOTAL	18,958,671	108,405	2,396,058	(24,947)	(163,322)	29,465	(1,936,419)	(1,771,090)	1,314,359	608,743	16,427	19,536,350

	December 31, 2021	Addition (lease)	Funding	Borrowing costs	Monetary and Exchange variation	Inflation adjustment / exchange variation and incorporated interest – Capitalized	Interest paid	Amortization payment	Accrued interest	Provision for interest and fees – Capitalized	Expenses with borrowing costs	December 31, 2022
LOCAL CURRENCY												
Debentures	7,467,968	-	1,000,000	(4,320)	165,879	-	(712,966)	(563,504)	544,116	257,951	11,242	8,166,366
Brazilian Federal Savings Bank	1,483,113	-	119,437	-	17,247	7,131	(117,041)	(100,855)	80,422	36,731	-	1,526,185
BNDES	1,392,844	-	200,000	-	7,020	3,117	(104,596)	(222,353)	67,311	37,391	259	1,380,993
IDB 2202	2,589,442	-	-	-	-	-	(281,971)	(181,349)	98,574	224,899	955	2,450,550
IDB INVEST	956,942	-	-	-	-	-	(108,921)	(34,800)	129,733	-	665	943,619
IFC	-	-	760,000	(9,385)	-	-	(24,978)	-	-	48,507	381	774,525
IDB INVEST 2022	-	-	470,000	(3,922)	-	-	(30,698)	-	33,840	-	107	469,327
Leases (Concession Agreements, Program Contracts and Contract Assets)	397,311	-	-	-	-	-	(54,390)	(39,467)	54,390	-	-	357,844
Leases (Others)	125,969	42,182	-	-	-	-	(17,659)	(84,437)	35,319	-	-	101,374
Other	14,094	-	3,654	-	56	2	(789)	(5,669)	748	34	-	12,130
TOTAL IN LOCAL CURRENCY	14,427,683	42,182	2,553,091	(17,627)	190,202	10,250	(1,454,009)	(1,232,434)	1,044,453	605,513	13,609	16,182,913
FOREIGN												

CURRENCY												
IDBs	387,837	-	226,497	(6,732)	(20,355)	-	(12,581)	(56,273)	13,733	-	567	532,693
IBRD	420,881	-	39,417	(3,166)	(28,665)	61	(3,779)	(30,895)	5,525	20	363	399,762
JICA	2,401,887	-	15,546	-	(437,296)	3,243	(33,167)	(177,007)	26,597	3,102	204	1,803,109
BID 1983AB	85,548	-	-	-	(5,602)	-	(1,952)	(40,115)	1,284	614	417	40,194
TOTAL IN FOREIGN CURRENCY	3,296,153	-	281,460	(9,898)	(491,918)	3,304	(51,479)	(304,290)	47,139	3,736	1,551	2,775,758
TOTAL	17,723,836	42,182	2,834,551	(27,525)	(301,716)	13,554	(1,505,488)	(1,536,724)	1,091,592	609,249	15,160	18,958,671

(a)Main events in 2024

Debentures

31st Issue Debentures:

As of March 05, 2024, the Company raised R$ 2,940.5 million from the 31st issue of simple, unsecured debentures, not convertible into shares, in three series, with the following characteristics:

	Value	Rate	Maturity
Series 1	507,000	CDI + 0.49% p.a.	2029
Series 2	1,734,467	CDI + 1.10% p.a.	2031
Series 3	699,011	CDI + 1.31% p.a.	2034
Total	**2,940,478**		

The proceeds from the issue will be used to refinance financial commitments falling due in 2024 and to recompose and reinforce the cash position. The Debentures are characterized as “ESG bonds for the use of sustainable and blue resources”, based on the Company’s commitment to allocate the equivalent amount in projects described in the Sustainable Finance Framework.

The contract has a cross acceleration clause, i.e. the early maturity of any of the Company’s debts, in an individual or aggregate amount equal to or higher than R$ 198 million, adjusted by the IPCA inflation index as of the issue date, constitutes a default event and may result in the early maturity of the Debentures.

12th Issue Debentures

As of June 04, 2024, the Company made the early final amortization payment of the 12th issue debentures, totaling R$ 49,704.9 million, of which R$ 49,287.5 million in principal and R$ 417.4 million in interest.

23rd Issue Debentures

As of May 10, 2024, the Company made the final amortization payment of series 1 of the 23rd issue debentures, totaling R$ 519,439.9 million, of which R$ 491,755.0 million in principal and R$ 27,684.9 million in interest.

32nd Issue Debentures

As of September 10, 2024, the Company raised R$ 2,500.0 million from the 32nd issue of simple, unsecured debentures, not convertible into shares, in a single series, with the following characteristics:

	Value	Rate	Maturity
Single series	2,500,000	CDI + 0.30% p.a.	2026

The contract has a cross acceleration clause, i.e. the early maturity of any of the Company's debts, in an individual or aggregate amount equal to or higher than R$ 203 million, adjusted by the IPCA inflation index as of the issue date, constitutes a default event and may result in the early maturity of the Debentures.

The *covenants* agreed upon for the 31st and 32nd Issues are:

Calculated every quarter, when disclosing the quarterly information or annual financial statements:

- Net debt/adjusted EBITDA lower than or equal to 3.50;

- Adjusted EBITDA/financial expenses equal to or higher than 1.5;

Failure to comply with the financial indices above for at least two consecutive quarters, or for two non-consecutive quarters within twelve months (in which case the 30-day cure period does not apply), constitutes a default event that may lead to the early maturity of the Debentures, disposal of operating assets, termination of licenses, loss of concession or loss of the Company's ability to execute and operate public sanitation services in areas of the São Paulo State which, individually or jointly during the term of the agreement, lead to a reduction of the Company's net sales and/or service revenue of more than twenty- five percent (25%). The above limit will be calculated every quarter, taking into consideration the Company's net operating income during the twelve (12) months before the end of each quarter and using the financial information disclosed by the Company. Failure to comply

with the limit above constitutes a default event that may lead to the early maturity of the Debentures.

IDB INVEST 2020:

As of February 17, 2025, the Company paid the early partial amortization of the long-term tranche, totaling R$ 492,119, R$ 459,740 of which in principal and R$ 32,379 in interest.

Additionally, as of February 10, 2025, the spread of the medium-term tranche was renegotiated from DI + 1.90% to DI + 0.90% and became effective on February 18, 2025.

Impacts from the privatization:

The Company obtained prior and express consent through formalizations or contractual amendments to enable the change of its ownership structure without triggering the occurrence of early maturity outlined in the clauses of the respective contracts with the financial agents IDB INVEST, IBRD, IFC, JICA, BNDES, CEF, and the 22nd, 23rd, 24th, 26th, 27th, 28th, 29th, and 30th Issue Debentures.

Amendments to the contracts with IDB Invest and IDB Invest with PROPARCO were signed, changing the description and concept of Net Debt to align with the criterion already used by IFC, including in the net debt the net and low-risk financial investments, as well as considering the mark-to-market value of hedge operations on foreign currency-denominated debt.

The Indentures of the 22nd, 23rd, 24th, 26th, 27th, 28th, 29th, and 30th Issue Debentures were amended to change the definition of "Net Debt" used in the calculation of the "Net Debt/EBITDA" financial ratio, which will become effective with the following wording:

> *"Net Debt": on any calculation date, means the total short-and long-term loans and financings of the Issuer less (i) accrued interest and financial charges; (ii) cash and cash equivalents; (iii) the balance of financial investments; and (iv) the net value of mark-to-market of hedge operations on foreign currency debt, to be informed by the Issuer."*

The 31st Issue Debentures will adopt the aforementioned definition of Net Debt, as permitted in its indenture.

FINEP:

As of April 26, 2024, the Company paid the final amortization of FINEP, totaling R$ 4,065.4, recorded under Other borrowings.

(b)Leases

The Company has work service agreements which includes specific assets under lease terms. During the construction period, work costs are capitalized to contract assets and the lease amount is recorded in the same proportion.

After startup, the lease payment period starts (240 monthly installments), and the amount is periodically restated by the contracted price index.

The amounts payable for the right of use of assets are also recorded in this line, (See Note 15 (f)).

(c) Financial commitments - Covenants

The table below shows the most restrictive covenants ratios as of December 31, 2024.

	Covenants
Adjusted EBITDA / Adjusted Financial Expenses	Equal to or higher than 2.80
EBITDA / Financial Expenses Paid	Equal to or higher than 2.35
Adjusted Net Debt / Adjusted EBITDA	Equal to or lower than 3.80
Net Debt / Adjusted EBITDA	Equal to or lower than 3.50
Other Onerous Debt (1) / Adjusted EBITDA	Equal to or lower than 1.30

(1) The contractual definition of "Other Onerous Debts" corresponds to the sum of pension plan obligations and healthcare plan, installment payments of tax debts, and installments payments of debts with the electricity supplier.

As of December 31, 2024 and 2023, the Company met the requirements set forth by its borrowings and financing agreements.

(d)Borrowings and financing – Credit Limits

Agent	**December 31, 2024**
	(in millions of reais (*))
Brazilian Federal Savings Bank	768
Brazilian Development Bank – BNDES	30
Inter-American Development Bank (IDB)	886
International Bank for Reconstruction and Development (IBRD)	1,060
BTG Pactual Bank	949
Other	4
TOTAL	3,697

(*) Brazilian Central Bank's exchange sell rate as of December 31, 2024 (US$ 1.00 = R$ 6.1923).

Financing resources contracted have specific purposes and are released for the execution of their respective investments, according to the progress of the works.

(e) Derivative financial instruments

The Company contracted derivative financial instruments (hedge) with J.P. Morgan, which have been effective since December 12, 2024, to mitigate the exchange risk, with a corresponding CDI variation minus an interest percentage, as described in Note 5.1. As of December 31, 2024, 13 swap transactions were in effect, with a notional value of US$ 303,977 thousand and ¥ 36,787,581 thousand to hedge the interest rate and exchange rate changes, converting the financial charges into an average cost of approximately CDI - 0.36% p.a. For further details, see Note 5.1 (d).

19 Taxes and contributions

(a) Current assets

	December 31, 2024	December 31, 2023
Recoverable taxes		
Income tax and social contribution	752,355	462,642
Withholding income tax (IRRF) on financial investments	45,921	29,955
Other federal taxes	2,535	2,050
Total	800,811	494,647

(b) Current liabilities

	December 31, 2024	December 31, 2023
Taxes and contributions payable		
Income tax and social contribution	1,957	205,964
Cofins and Pasep	163,156	141,703
INSS (social security contribution)	44,763	44,556
IRRF (withholding income tax)	290,949	64,770
Other	90,446	54,979
Total	591,271	511,972

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20 Deferred PIS and Cofins

Non-current liablities

	December 31, 2024	December 31, 2023
Deferred PIS/Cofins taxes		
PIS/Cofins – Financial Asset	822,482	-
PIS/Cofins – Estimated Revenue	111,475	-
Other	183,847	164,097
Total	1,117,804	164,097

21 Deferred taxes and contributions

(a) Statement of financial position details

	December 31, 2024	December 31, 2023 (Reclassified)
Deferred tax assets		
Provisions	839,864	666,131
Pension plan obligations - G1 plan	125,198	135,231
Donations of underlying assets on concession agreements	43,321	45,140
Credit losses	177,271	182,519
Estimated losses with other accounts receivable	50,515	54,905
Estimated losses with inventory losses	127,840	74,939
Estimated losses with works and projects	57,606	1,839
Estimated losses with the write-off of assets	42,812	8,930
Performance agreements	74,670	62,517
PVA - accounts receivable	100,913	102,216
Loss – hedge (other comprehensive income)	4,302	-
Derivative financial instruments in profit/loss	3,297	-
Other	75,644	77,421
Total deferred tax asset	1,723,253	1,411,788
Deferred tax liabilities		
Temporary difference in the concession of intangible asset	(314,641)	(329,060)
Capitalization of borrowing costs	(461,362)	(465,510)
Profit on supply to government entities	(334,477)	(348,514)
Financial asset (indemnity)	(3,111,446)	-
Actuarial gain – G1 Plan	(125,096)	(121,425)
Construction margin	(37,842)	(40,579)

Borrowing costs	(280)	(8,624)
Total deferred tax liabilities	(4,385,144)	(1,313,712)
Deferred tax asset (liability), net	(2,661,891)	98,076

(b) Realization

	December 31, 2024	December 31, 2023
Deferred tax assets		
to be realized in up to 12 months	530,104	366,525
to be realized after one year	1,193,149	1,045,263
Total deferred tax asset	1,723,253	1,411,788
Deferred tax liabilities		
to be realized in up to 12 months	(25,563)	(36,074)
to be realized after one year (*)	(4,359,581)	(1,277,638)
Total deferred tax liabilities	(4,385,144)	(1,313,712)
Deferred tax asset/(liability)	(2,661,891)	98,076

(*)The amount of R$ 3,111,446, related to the financial asset, will be realized after 2060.

(c) Changes

Deferred tax assets	December 31, 2023 (Reclassified)*	Net change	December 31, 2024
Provisions	666,131	173,733	839,864
Pension plan obligations - G1 plan	135,231	(10,033)	125,198
Donations of underlying assets on concession agreements	45,140	(1,819)	43,321
Credit losses	182,519	(5,248)	177,271
Estimated losses with other accounts receivable	54,905	(4,390)	50,515
Estimated losses with inventory losses	74,939	52,901	127,840
Estimated losses with works and projects	1,839	55,767	57,606
Estimated losses with the write-off of assets	8,930	33,882	42,812
Performance agreements	62,517	12,153	74,670
PVA - accounts receivable	102,216	(1,303)	100,913
Loss – hedge (Other comprehensive income)	-	4,302	4,302
Derivative financial instruments in profit/loss	-	3,297	3,297
Other	77,421	(1,777)	75,644
Total	1,411,788	311,465	1,723,253
Deferred tax liabilities			

Temporary difference in the concession of intangible asset	(329,060)	14,419	(314,641)
Capitalization of borrowing costs	(465,510)	4,148	(461,362)
Profit on supply to government entities	(348,514)	14,037	(334,477)
Financial asset (indemnity)	-	(3,111,446)	(3,111,446)
Actuarial gain – G1 Plan	(121,425)	(3,671)	(125,096)
Construction margin	(40,579)	2,737	(37,842)
Borrowing costs	(8,624)	8,344	(280)
Total deferred tax liabilities	(1,313,712)	(3,071,432)	(4,385,144)
Deferred tax asset/(liability)	98,076	(2,759,967)	(2,661,891)

Deferred tax assets	**December 31, 2022 (Reclassified)**	**Net change**	**December 31, 2023 (Reclassified)**
Provisions	560,404	105,727	666,131
Pension plan obligations – G1 plan	141,606	(6,375)	135,231
Donations of underlying assets on concession agreements	46,088	(948)	45,140
Credit losses	199,363	(16,844)	182,519
Estimated losses with other accounts receivable	47,629	7,276	54,905
Estimated losses with inventory losses	63,718	11,221	74,939
Estimated losses with works and projects	1,839	-	1,839
Estimated losses with the write-off of assets	8,930	-	8,930
Performance agreements	-	62,517	62,517
PVA - accounts receivable	95,626	6,590	102,216
Other	(45,944)	123,365	77,421
Total	1,119,259	292,529	1,411,788
Deferred tax liabilities			
Temporary difference in the concession of intangible asset	(353,817)	24,757	(329,060)
Capitalization of borrowing costs	(457,669)	(7,841)	(465,510)
Profit on supply to government entities	(346,650)	(1,864)	(348,514)
Actuarial gain – G1	(93,561)	(27,864)	(121,425)
Construction margin	(43,323)	2,744	(40,579)
Borrowing costs	(13,517)	4,893	(8,624)
Total	(1,308,537)	(5,175)	(1,313,712)
Deferred tax asset/(liability)	(189,278)	287,354	98,076

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Deferred tax assets	December 31, 2021 (Reclassified)	Net change	December 31, 2022 (Reclassified)
Provisions	503,374	57,030	560,404
Pension plan obligations - G1	150,577	(8,971)	141,606
Donations of underlying assets on concession agreements	47,589	(1,501)	46,088
Credit losses	183,963	15,400	199,363
Estimated losses with other accounts receivable	36,876	10,753	47,629
Estimated losses with inventory losses	57,197	6,521	63,718
Estimated losses with works and projects	1,334	505	1,839
Estimated losses with the write-off of assets	14,018	(5,088)	8,930
PVA - accounts receivable	35,821	59,805	95,626
Other	(18,154)	(27,790)	(45,944)
Total	1,012,595	106,664	1,119,259
Deferred tax liabilities			
Temporary difference in the concession of intangible asset	(368,235)	14,418	(353,817)
Capitalization of borrowing costs	(404,931)	(52,738)	(457,669)
Profit on supply to government entities	(353,262)	6,612	(346,650)
Actuarial gain – G1	(109,271)	15,710	(93,561)
Construction margin	(46,079)	2,756	(43,323)
Borrowing costs	(14,556)	1,039	(13,517)
Total	(1,296,334)	(12,203)	(1,308,537)
Deferred tax liability, net	(283,739)	94,461	(189,278)

(*)The 2022 and 2023 financial years were reclassified due to the breakdown of the amounts recorded in “other”.

	December 31, 2024	December 31, 2023	December 31, 2022
Opening balance	98,076	(189,278)	(283,739)
Net change in the year:			
- corresponding entry to the income statement	(2,756,296)	315,218	78,751
- corresponding entry to valuation adjustments to equity (Note 22)	(3,671)	(27,864)	15,710
Total net change	(2,759,967)	287,354	94,461

Closing balance	(2,661,891)	98,076	(189,278)

(d) Reconciliation of the effective tax rate

The amounts recorded as income tax and social contribution expenses in the consolidated financial statements are reconciled to the statutory rates, as shown below:

	December 31, 2024	December 31, 2023	December 31, 2022
Profit before income taxes	13,642,808	4,753,984	4,272,750
Statutory rate	34%	34%	34%
Estimated expense at the statutory rate	(4,638,555)	(1,616,355)	(1,452,735)
Tax benefit of interest on equity	672,796	329,017	284,920
Permanent differences			
Provision – Law 4,819/1958 – Go	(23,721)	(38,245)	(26,786)
Donations	(21,591)	(7,046)	(16,588)
Tax incentives	52,892	62,510	-
Agreement with AAPS	(77,471)	-	-
Other differences	(27,595)	39,666	59,706
Income tax and social contribution	(4,063,245)	(1,230,453)	(1,151,483)
Current income tax and social contribution	(1,302,648)	(1,545,671)	(1,230,234)
Deferred income tax and social contribution	(2,760,597)	315,218	78,751
Effective rate	30%	26%	27%

22Provisions

(a)Lawsuits and proceedings that resulted in provisions

(I) Statement of financial position details

The Company is party to several legal claims and administrative proceedings arising from the normal course of business, including civil, tax, labor and environmental matters. Management

recognizes provisions consistently with the recognition and measurement criteria established in Note 3.16. The terms and payment amounts are defined based on the outcome of these lawsuits.

	December 31, 2024			December 31, 2023		
	Provisions	**Escrow deposits**	**Provisions net of deposits**	**Provisions**	**Escrow deposits**	**Provisions net of deposits**
Customer claims (i)	149,803	(11,341)	138,462	175,255	(6,060)	169,195
Supplier claims (ii)	235,683	(58)	235,625	334,273	(90,973)	243,300
Other civil claims (iii)	174,151	(1,431)	172,720	128,036	(1,229)	126,807
Tax claims (iv)	176,426	(2,417)	174,009	101,770	(18,223)	83,547
Labor claims (v)	1,077,083	(13,210)	1,063,873	727,133	(16,235)	710,898
Environmental claims (vi)	657,041	(51)	656,990	492,740	(55)	492,685
Total	2,470,187	(28,508)	2,441,679	1,959,207	(132,775)	1,826,432
Current	1,546,184	-	1,546,184	1,064,367	-	1,064,367
Noncurrent	924,003	(28,508)	895,495	894,840	(132,775)	762,065

(II) Changes

	December 31, 2023	**Additional provisions**	**Interest and inflation adjustment**	**Use of the accrual**	**Amounts not used (reversal)**	**December 31, 2024**
Customer claims (i)	175,255	5,778	17,723	(24,090)	(24,863)	149,803
Supplier claims (ii)	334,273	65,615	102,116	(138,073)	(128,248)	235,683
Other civil claims (iii)	128,036	96,311	24,785	(53,491)	(21,490)	174,151
Tax claims (iv)	101,770	36,052	63,534	(16,969)	(7,961)	176,426

Labor claims (v)	727,133	304,292	177,224	(58,386)	(73,180)	1,077,083
Environmental claims (vi)	492,740	217,984	188,518	(3,630)	(238,571)	657,041
Subtotal	1,959,207	726,032	573,900	(294,639)	(494,313)	2,470,187
Escrow deposits	(132,775)	(14,342)	(9,709)	123,049	5,269	(28,508)
Total	1,826,432	711,690	564,191	(171,590)	(489,044)	2,441,679

	December 31, 2022	Additional provisions	Interest and inflation adjustment	Use of the accrual	Amounts not used (reversal)	December 31, 2023
Customer claims (i)	151,023	39,272	32,299	(34,437)	(12,902)	175,255
Supplier claims (ii)	257,080	114,084	18,380	(54,905)	(366)	334,273
Other civil claims (iii)	99,462	77,082	32,483	(16,810)	(64,181)	128,036
Tax claims (iv)	79,532	19,807	6,082	(721)	(2,930)	101,770
Labor claims (v)	654,277	99,926	70,927	(42,214)	(55,783)	727,133
Environmental claims (vi)	406,872	50,950	49,173	-	(14,255)	492,740
Subtotal	1,648,246	401,121	209,344	(149,087)	(150,417)	1,959,207
Escrow deposits	(37,462)	(151,898)	(4,124)	57,744	2,965	(132,775)
Total	1,610,784	249,223	205,220	(91,343)	(147,452)	1,826,432

	December 31, 2021	Additional provisions	Interest and inflation adjustment	Use of the accrual	Amounts not used (reversal)	December 31, 2022
Customer claims (i)	168,258	12,258	21,316	(29,363)	(21,446)	151,023
Supplier claims (ii)	477,854	78,481	56,934	(309,321)	(46,868)	257,080
Other civil claims (iii)	95,601	22,485	13,708	(9,248)	(23,084)	99,462
Tax claims (iv)	57,509	18,216	7,837	(1,568)	(2,462)	79,532
Labor claims (v)	349,962	307,352	131,139	(76,884)	(57,292)	654,277
Environmental claims (vi)	331,326	38,632	48,511	(300)	(11,297)	406,872
Subtotal	1,480,510	477,424	279,445	(426,684)	(162,449)	1,648,246
Escrow deposits	(32,017)	(55,546)	(4,779)	13,832	41,048	(37,462)
Total	1,448,493	421,878	274,666	(412,852)	(121,401)	1,610,784

(b) Lawsuits deemed as contingent liabilities

The Company is a party to lawsuits and administrative proceedings relating to environmental, tax, civil and labor claims, which are assessed as contingent liabilities in the consolidated financial statements, since it either does not expect outflows to be required or the amount of the obligations cannot be reliably measured. Contingent liabilities, net of deposits, are represented as follows:

	December 31, 2024	December 31, 2023
Customer claims (i)	171,831	158,584
Supplier claims (ii)	807,950	968,752
Other civil claims (iii)	669,108	695,097
Tax claims (iv)	1,362,849	1,067,350
Labor claims (v)	1,321,935	3,093,735
Environmental claims (vi)	5,294,595	4,158,504
Total	9,628,268	10,142,022

(c) Explanation of the nature of main classes of lawsuits

(i) Customer claims

Refer mainly to lawsuits from customers claiming that their tariffs should be equal to those of other consumer categories, lawsuits for reduction of sewage tariff due to system losses, consequently requiring the refund of amounts charged by the Company, and lawsuits for reduction of tariff for being eligible to the Social Welfare Entity category.

(ii) Supplier claims

Include lawsuits filed by some suppliers alleging underpayment of monetary adjustments and economic and financial imbalance of the agreements, and are in progress at different courts.

(iii) Other civil claims

Refer mainly to indemnities for property damage, pain and suffering, and loss of profits allegedly caused to third parties, such as vehicle accidents, claims, challenges on the methodology to collect tariffs, among others, filed at different court levels.

(iv) Tax claims

Tax claims refer mainly to tax collections and fines in general challenged due to disagreements regarding notification or differences in the interpretation of legislation by the Company's Management.

The Municipality of São Paulo, through Law 13,476/2022, revoked the exemption of the service tax held by the Company until then and issued tax deficiency notices related to sewage services

and ancillary activities, in the adjusted amount of R$ 1,144,705 (R$ 1,044,035 as of December 31, 2023), which were subject to three tax foreclosures. SABESP filed for a writ of mandamus against the revocation, which was denied. It also filed for provisional measures and actions for annulment, aiming at the suspension of enforceability of the credits and annulment of the tax deficiency notices, as it understands that notwithstanding the revocation of the exemption, sewage activities and ancillary activities are not on the list of activities that may be taxed by the Municipality. Activities related to sewage services reached a favorable outcome, and are awaiting the processing of appeals at a higher level. Regarding the middle activities, the decision was partially favorable and SABESP's appeal was denied. SABESP filed a special appeal requesting a suspensive effect, which was not admitted at the origin. An interlocutory appeal was filed with the Superior Court of Justice, whose decision was unfavorable to the Company. The main lawsuit remains suspended.

(v) Labor claims

The Company is a party to several labor lawsuits, involving issues such as overtime, shift schedule, health hazard premium, hazardous duty premium, prior notice, change of function, salary equalization, service outsourcing and others, which are at various court levels.

(vi)Environmental claims

These refer to several administrative proceedings and lawsuits filed by government entities, including Companhia Ambiental do Estado de São Paulo (CETESB) and the Public Prosecution Office of the São Paulo State, which aim at certain obligations to do and not to do, with the provision of fines for non-compliance, and imposition of compensation for environmental damages allegedly caused by the Company.

The main objects in which the Company is involved are: a) blame SABESP for discharging or releasing sewage without proper treatment; b) invest in the water and sewage treatment system of the municipality, under penalty of paying a fine; c) pay compensation for environmental damages; amongst others.

(d) Other concession-related legal proceedings

The Company is a party to concessions-related legal proceedings, in which it challenges compensatory issues for the resumption of sanitation services by some municipalities or the right to continue operating such services.

The amount recognized in non-current assets as indemnities receivable, referring to the municipalities of Cajobi, Macatuba, Álvares Florence, Embaúba, Araçoiaba da Serra, Itapira and Igarapava totaled R$ 38,922 as December 31, 2024 with allowance for doubtful accounts in the full amount recorded. None of the above-mentioned municipalities are operated by the Company. When a final judgement grants a municipality the right to repossess and operate sanitation

services, Brazilian legislation provides for the payment of compensation for the investments made by the Company.

(e) Environmental lawsuits with settlements

In 2024, the Company executed court agreements totaling R$ 276, related to environmental compensation, and recorded it in Liabilities under other obligations.

(f)Guarantee insurance

As of May 22, 2024, the Company renewed the agreement, effective for one year for the issue of policies under several types of guarantee insurance. The limit that can be used as Guarantee Insurance for Escrow Deposit is R$ 900 million. The Guarantee Insurance for Escrow Deposit is used in legal claims, where instead of immediately disbursing cash, the Company uses the guarantee provided by the insurance until the end of these proceedings, limited to up to five years. As of December 31, 2024, R$ 339 million was available for use.

23Labor and social obligations

	December 31, 2024	December 31, 2023
Salaries and payroll charges	70,291	69,885
Provision for vacation	218,987	256,415
Healthcare plan (i)	117,578	86,147
Provision for profit sharing (ii)	181,446	97,514
Incentivized Dismissal Program - PDI (iii)	62,127	290,202
Voluntary Dismissal Program (PDV) (iv)	629,273	-
Consent Decree (TAC)	5,587	6,093
Knowledge Retention Program (PRC)	904	1,184
Total	1,286,193	807,440

(i) Healthcare plan

Benefits granted are paid after the event, free of choice, and are sponsored by the contributions of SABESP and the employees. In 2024, the Company contributed 8.63%, on average, of gross payroll, totaling R$ 29,929 (9.18% in 2023, totaling R$ 313,034).

The agreement entered into between SABESP and AAPS (SABESP's Association of Retirees and Pensioners) in early 2024, regarding financial compensation for 60 months for the VIVEST health plan operator regarding the migration of retirees, former employees, pensioners, and dependents between health plans is recorded in this line.

Until the ratification of the agreement, SABESP was responsible for transferring to VIVEST the amounts referring to deficits in the health plans of retirees, former employees, pensioners, and dependents, and for ensuring that each individual reimbursed the Company for the deficit.

In the first quarter of 2024, the Company recognized the obligations related to the agreement, considering the entire population migrated or those in negotiations for health plan migration, with a total impact of R$ 162,388 on the period's result, under the general expenses line.

Until December 31, 2024, the total amount accrued was R$ 135,525, of which R$ 33,191 in this line under current liabilities, and R$ 102,333 in "Other Obligations" under noncurrent liabilities.

(ii) Provision for profit sharing

Based on an agreement with the labor unions, the Profit Sharing Program corresponds to up to one month's salary for each employee, subject to the achievement of the goals established, from January to December, and should be paid in the subsequent year.

(iii) Incentivized Dismissal Program - PDI

In June 2023, the Company implemented the Incentivized Dismissal Program (PDI or Program) to amicably reduce the workforce and provide gains in efficiency, increase of competitiveness, and optimization of costs (further details in Note 21 to the Annual Financial Statements as of December 31, 2023).

As of December 31, 2024, R$ 82,166 was recorded due to the provision for compensation incentives for employees who joined the Program, of which R$ 62,127 in this line under current liabilities and R$ 20,039 in noncurrent liabilities under "Labor Obligations". These amounts mainly refer to Health Plan disbursements that will be implemented for 24 consecutive and uninterrupted months, extending approximately until June 2026.

(iv) Voluntary Dismissal Plan (PDV)

As of December 2024, the Company implemented the Voluntary Dismissal Program (VDP) to amicably reduce the workforce and provide gains in efficiency, increase competitiveness, and optimize costs.

The deadline for registrations in the Program was from December 23, 2024 to January 31, 2025, with 2,039 employees registered, and the contract terminations have been taking place since February 2025.

As of December 31, 2024, R$ 629,273 was recorded under "Labor Obligations" in current liabilities, due to the provision for employee indemnity incentives.

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24Pension plan obligations

The Company has Post-Employment Benefit Plans in the following modalities: Defined Benefit (BD) – G1 (i) and Go (ii); and Defined Contribution (CD) – Sabesprev Mais (iii) and VIVEST (iv), whereby only the latter is open for new adhesions. See the reconciliation expenses with such plans in item (v).

Statements of defined benefit plans

Summary of pension plan obligations – Liabilities

	December 31, 2024			December 31, 2023		
	G1 Plan	Go Plan	Total	G1 Plan	Go Plan	Total
Present value of the defined benefit obligations	(2,335,938)	(1,931,145)	(4,267,083)	(2,982,863)	(2,098,622)	(5,081,485)
Fair value of the plan's assets	2,468,182	-	2,468,182	2,938,614	-	2,938,614
Asset ceiling (*)	(132,244)	-	(132,244)	-	-	-
Total pension plan obligations (deficit)	-	(1,931,145)	(1,931,145)	(44,249)	(2,098,622)	(2,142,871)

(*) The G1 Plan showed a surplus compared to the 2023 fiscal year, primarily due to the increase in the discount rate used to measure the actuarial liability, which went from 5.47% per year in 2023 to 7.40% per year in 2024. This percentage was defined based on the NTN-B bond rates in effect as of December 31, 2024. The increase in the discount rate resulted in a significant reduction in the present value of the obligations, which decisively contributed to the observed surplus.

According to IAs 19, specifically regarding the asset ceiling, the amount to be recognized in the statement of financial position cannot exceed the present value of any future economic benefits available to the Company, either through cash reimbursement or reduction of future contributions. It is noted that, according to the contractual provisions of the plan and the current legislation, there is no expectation of reimbursement within reasonable timeframes or reduction of required contributions, meaning the surplus cannot be immediately recognized as an asset.

Therefore, the asset ceiling rule results in the limitation of the surplus amount that can be recognized, which, in the absence of verifiable future economic benefits, must be reduced to zero, ensuring that assets whose future realization is not supported by objective evidence are not recognized.

Changes in Liabilities

	December 31, 2024			December 31, 2023		
	G1 Plan	Go	Total	G1 Plan	Go	Total
Plan's liabilities						
Defined benefit obligation, beginning of the year	(2,982,863)	(2,098,622)	(5,081,485)	(2,715,388)	(2,002,075)	(4,717,463)
Current service cost	(35,951)	-	(35,951)	(41,440)	-	(41,440)
Interest costs	(274,718)	(189,274)	(463,992)	(307,777)	(225,220)	(532,997)
Actuarial (gains)/losses recorded as other comprehensive income	716,927	135,201	852,128	(120,934)	(85,372)	(206,306)
Benefits paid	240,667	221,550	462,217	202,676	214,045	416,721
Defined benefit obligation, end of the year	(2,335,938)	(1,931,145)	(4,267,083)	(2,982,863)	(2,098,622)	(5,081,485)
Plan's assets						
Fair value of the plan's assets, beginning of the year	2,938,614	-	2,938,614	2,567,272	-	2,567,272
Expected return of the plan's assets	274,265	-	274,265	294,788	-	294,788
Company's contributions	39,676	-	39,676	40,898	-	40,898
Participants' contributions	30,180	-	30,180	35,443	-	35,443
Benefits paid	(240,667)	-	(240,667)	(202,676)	-	(202,676)
Actuarial gains/(losses) recorded as other comprehensive income	(573,886)	-	(573,886)	202,889	-	202,889
Fair value of the plan's assets, end of the year	2,468,182	-	2,468,182	2,938,614	-	2,938,614
Asset ceiling	(132,244)	-	(132,244)			
Total pension plan obligations (deficit)	-	(1,931,145)	(1,931,145)	(44,249)	(2,098,622)	(2,142,871)

Changes in equity - Other comprehensive income

Pursuant to IAS 19, the Company recognized gains/(losses), from changes in actuarial assumptions under equity, such as equity valuation adjustments, as shown below:

December 31, 2024			December 31, 2023			December 31, 2022		
G1 Plan	Go	Total	G1 Plan	Go	Total	G1 Plan	Go	Total

Actuarial gains/(losses) on the obligations	692,430	135,201	827,631	(120,934)	(85,372)	(206,306)	126,626	161,766	288,392
Actuarial gains/(losses) on financial assets	(549,389)	-	(549,389)	202,889	-	202,889	(172,833)	-	(172,833)
Asset ceiling	(132,244)	-	(132,244)	-	-	-	-	-	-
Total gains/(losses)	10,797	135,201	145,998	81,955	(85,372)	(3,417)	(46,207)	161,766	115,559
Deferred income tax and social contribution	(3,671)	-	(3,671)	(27,864)	-	(27,864)	15,710	-	15,710
Equity valuation adjustments	7,126	135,201	142,327	54,091	(85,372)	(31,281)	(30,497)	161,766	131,269

The amounts recognized in the year are as follows:

	December 31, 2024			December 31, 2023			December 31, 2022		
	G1 Plan	Go	Total	G1 Plan	Go	Total	G1 Plan	Go	Total
Cost of service, net	5,779	-	5,779	5,997	-	5,997	1,020	-	1,020
Interest costs	274,718	189,274	463,992	307,777	225,220	532,997	231,745	176,953	408,698
Expected return of the plan's assets	(274,265)	-	(274,265)	(294,788)	-	(294,788)	(221,079)	-	(221,079)
Amount received from the São Paulo State (undisputed)	-	(119,506)	(119,506)	-	(112,824)	(112,824)	-	(98,174)	(98,174)
Total expenses	6,252	69,768	76,020	18,986	112,396	131,382	11,686	78,779	90,465

Maturity profile of the obligations:

	December 31, 2024	
	G1 Plan	Go
Payment of benefits expected in 2025	242,375	202,302
Payment of benefits expected in 2026	183,508	183,508
Payment of benefits expected in 2027	170,984	170,985
Payment of benefits expected in 2028	158,676	158,676
Payment of benefits expected in 2029 or susbsequent years	1,580,395	1,215,674
Total	2,335,938	1,931,145
Duration	11.27 years	9.66 years

Actuarial assumptions used:

December 31, 2024	December 31, 2023	December 31, 2022

	G1 Plan	Go	G1 Plan	Go	G1 Plan	Go
Discount rate – actual rate (NTN-B)	7.40% p.a.	7.37% p.a.	5.47% p.a.	5.37% p.a.	6.19% p.a.	6.15% p.a.
Inflation rate	4.96% p.a.	4.96% p.a.	3.90% p.a.	3.90% p.a.	5.31% p.a.	5.31% p.a.
Nominal wage growth rate	7.06% p.a.	7.06% p.a.	5.98% p.a.	5.98% p.a.	7.42% p.a.	7.42% p.a.
Mortality table	AT-2000	AT-2000	AT-2000	AT-2000	AT-2000	AT-2000

Sensitivity analysis

Sensitivity analysis of the defined benefit pension plan as of December 31, 2024 regarding the changes in the main assumptions are:

		Impact on the present value of the defined benefit obligations	
Assumption	Change in the assumption	G1 Plan	Go
Discount rate	Increase of 1.0%	Decrease of R$ 243,450	Decrease of R$ 222,419
	Decrease of 1.0%	Increase of R$ 291,137	Increase of R$ 217,030
Life expectation	Increase of 1 year	Increase of R$ 51,425	Increase of R$ 78,548
	Decrease of 1 year	Decrease of R$ 50,329	Decrease of R$ 74,038
Wage growth rate	Increase of 1.0%	Increase of R$ 20,084	Increase of R$ 131,202
	Decrease of 1.0%	Decrease of R$ 21,043	Decrease of R$ 124,063

(i) G1 Plan

Managed by Sabesprev, this defined benefit plan ("G1 Plan"), receives similar contributions established in a plan of subsidy of actuarial study of Sabesprev, as follows:

- 0.99% of the portion of the salary of participation up to 20 salaries; and
- 8.39% of the surplus, if any, of the portion of the salary of participation over 20 salaries.

The active participants as of December 31, 2024 totaled 1,895 (2,715 as of December 31, 2023), while inactive participants were 8,907 (8,171 as of December 31, 2023).

The contributions of the Company and participants of the G1 Plan in 2024 were R$ 39,676 (R$ 40,898 in 2023) and R$ 5,683 (R$ 35,443 in 2023), respectively. Of this amount, the Company and the participants made payments referring to the actuarial deficit in the amounts of R$ 34,258 and R$ 224, respectively, in 2024 (R$ 32,810 and R$ 27,147, respectively, in 2023).

Estimated expenses for the coming year

	2025
Cost of services, net	3,705
Interest costs	282,334
Net profitability on financial assets	(302,162)
Interest on the maximum limit of recognition	16,830
Expenditures to be recognized by the Company	707

Plan's assets

The investment policies and strategies of the plan are aimed at obtaining consistent returns and reducing the risks associated with the use of financial assets available in the Capital Markets through diversification, considering factors, such as liquidity needs and the long-term nature of the plan's liability, types and availability of financial instruments in the local and international markets, general economic conditions and forecasts as well as requirements of the legislation. The allocation of the plan's assets and its management strategies are determined with the support of reports and analyses prepared by SABESPREV and independent financial advisors.

	December 31, 2024	%	December 31, 2023	%
Total fixed income	2,279,323	92.3	2,714,823	92.4
Total equities	13,886	0.6	15,715	0.5
Total structured investments	121,820	4.9	153,333	5.2
Other	53,153	2.2	54,743	1.9
Fair value of the plan's assets	2,468,182	100	2,938,614	100

Restrictions with respect to asset portfolio investments, in the case of federal government securities:

i) instruments securitized by the National Treasury;
ii) derivative instruments should be used for hedging only.

The restrictions on portfolio investments in the case of equities for internal management are as follows:

i) day-trade transactions;
ii) sale of uncovered share;
iii) unsecured swap transactions; and
iv) leverage, derivative transactions that represent leverage of the asset or short selling will not be allowed, such transactions cannot result in losses higher than the amounts invested.

As of December 31, 2024, SABESPREV had not have financial assets issued by the Company in its own portfolio; however, such assets could be in the portfolio of investment funds invested by the Foundation. The Properties held in the portfolio are not used by the Company.

On December 21, 2022, SABESP and SABESPREV, mutually agreed to execute an Admission of Debt Instrument, where SABESP recognizes as legitimate, valid, net, certain, and enforceable the debt related to its share of responsibility in the balancing of the deficit of SABESPREV's Basic Benefits Plan (G1 Plan), collateralizing the Contract for Revenue Binding and Assignment of Credit Transfer, executed between the parties on February 9, 2023.

(ii) Go

According to State Law 4,819/1958, employees who started providing services before May 1974 acquired a legal right to receive supplemental pension payments, which rights are referred to as "Go Plan". The Company pays supplemental retirement and pension amounts on behalf of the São Paulo State and seeks reimbursements of such amounts, which are recorded in the "Accounts receivable from related parties" line, limited to the amounts considered virtually certain to be reimbursed by the São Paulo State.

As of December 31, 2024, there were no active participants, and the total number of inactive participants was 1,853 (6 and 1,808, respectively, as of December 31, 2023).

Estimated expenses for the coming year

	2025
Interest costs	233,290
Expenses to be recognized	233,290

(iii) Sabesprev Mais Plan

As of December 31, 2024, this Defined Contribution Plan managed by SABESPREV had 8,762 active and assisted participants (9,277 as of December 31, 2023).

The sponsor's contributions correspond to the result obtained by applying a percentage of 100% to the basic contribution made by the participant.

(iv) VIVEST Plan

Administered by VIVEST, the sponsor's contributions correspond to the result obtained by applying a percentage of 100% to the basic contribution made by the participant.

As of December 31, 2024, there were 82 participants (68 participants as of December 31, 2023).

(v) Reconciliation of expenditures with pension plan obligations

	December 31, 2024	December 31, 2023	December 31, 2022
G1 Plan (i)	6,252	18,986	11,686
Go (ii)	69,768	112,396	78,779
Sabesprev Mais Plan (iii)	26,198	27,403	25,371
VIVEST Plan (iv)	970	520	326
Subtotal	103,188	159,305	116,162
Capitalized	(7,884)	(3,303)	(3,359)
Other	10,653	6,603	5,684
Pension plan obligations (Note 31)	105,957	162,605	118,487

25 Services payable

This line records the balances payable, mainly from services received from third parties, such as supply of electric power, reading of hydrometers and delivery of water and sewage bills, cleaning, surveillance and security services, collection, legal counsel services, audit, marketing and advertising and consulting services, among others. The amounts payable to the municipal governments related to transfers provided for in the concession agreements, as well as the amounts payable to FAUSP, are also recorded (See Note 30). The balances as of December 31, 2024 and 2023 were R$ 1,438,507 and R$ 750,732, respectively.

26 Equity

(a) Share capital

As of December 31, 2024 and 2023, the shared capital, fully subscribed and paid-in capital, in the amount of R$ 15,000.000, was composed of 683,509,869 registered, book-entry common shares with no par value, as follows:

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	Common		Preferred		Total Capital	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
São Paulo State	123,036,669 (1)	18.0	1 (2)	100.0	123,036,670	18.0
Equatorial S.A.	102,526,480	15.0	-	-	102,526,480	15.0
Free Float	457,946,719	67.0	-	-	457,946,719	67.0
Total	**683,509,868**	**100.0**	**1**(2)	**100.0**	**683,509,869**	**100.0**

(1) Considers 123.036.663 common shares held by the São Paulo State Treasury Department and 6 common shares held by Cia. Paulista de Parcerias – CPP, a company controlled by the São Paulo State.

(2) Special class preferred share.

At the Extraordinary Shareholders' Meeting held on May 27, 2024, shareholders approved the amendment to the Company's Bylaws, which became effective as of July 22, 2024, to provide for the authorization to increase capital up to the limit of 1,187,144,787 registered, book-entry common shares with no par value.

As of December 20, 2024, Equatorial S.A. ("Equatorial") informed the Company that it had absorbed Equatorial Participações e Investimentos IV, thereby directly acquiring the common shares corresponding to the 15% stake previously held in the share capital of Sabesp.

December 31, 2023	Total Capital	
	Number of Shares	%
São Paulo State	343,506,664	50.3
Free Float		
In Brazil (1)	262,118,658	38.3
Abroad (2)	77,884,547	11.4
Total	**683,509,869**	**100.0**

(1) As of December 31, 2023, the common shares traded in Brazil were held by 39,368 shareholders. It includes 6 shares held by Cia Paulista de Parcerias – CPP, a company controlled by the São Paulo State Government.

(2) Shares traded as American Depositary Receipts (ADR) on the New York Stock Exchange, through The Bank New York Mellon, the depositary bank of the Company's ADRs.

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(b) Distribution of earnings

Shareholders are entitled to a minimum mandatory dividend of 25% of the net income, adjusted according to Brazilian Corporate Law. No interest is accrued on approved dividends, and the amounts not claimed within three years from the date of the General Meeting that approved them will mature in favor of the Company.

	2024	2023	2022
Profit for the year	9,579,563	3,523,531	3,121,267
(-) Legal reserve - 5%	478,978	176,177	156,063
	9,100,585	3,347,354	2,965,204
Minimum mandatory dividend – 25%	2,275,146	836,839	741,301
Dividend per share and per ADS	3.33	1.22	1.08455

The General Shareholders' Meeting held on April 25, 2024, approved the distribution of dividends as interest on capital totaling of R$ 836,839, corresponding to minimum mandatory dividends and R$ 147,689 as supplementary minimum dividends, totaling R$ 984,528, which was paid on June 24, 2024.

The Company proposed, *ad referendum* of the 2025 General Shareholders' Meeting, dividends as interest on capital totaling R$ 1,831,122 (R$ 836,839 in 2023) and complementary minimum dividends in the amount of R$ 718,692 (R$ 147,689 in 2023), totaling R$ 2,549,814 (R$ 984,528 in 2023), corresponding to R$ 3.33 per common share (R$ 1.44040 in 2023), to be resolved at the Shareholders' Meeting to be held on April 29, 2025.

The Company charged interest on capital to minimum dividends by its net withholding income tax. The amount of R$ 274,668 (R$ 54,641 in 2023) referring to withholding income tax was recognized in current liabilities, to comply with tax liabilities related to the credit of interest on capital.

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The balance payable of interest on capital as of December 31, 2024 of R$ 2,275,890 (R$ 837,391 in 2023) refers to the amount of R$ 2,275,146 (R$ 836,839 in 2023) declared in 2024, net of withholding income tax and R$ 744 declared in prior years (R$ 552 in 2023).

(c) Legal reserve

Earnings reserve - legal reserve: created by allocating 5% of the net income for the year up to the limit of 20% of the share capital. The Company may not create the legal reserve in the year in which the balance of this reserve, plus the amount of the capital reserves, exceeds 30% of the share capital. The purpose of the legal reserve is to ensure the integrity of the share capital. It can only be used to offset losses or increase capital, but not to pay dividends.

(d) Investment reserve

Earnings reserve - investments reserve is specifically formed by the portion corresponding to own funds assigned to the expansion of the water supply and sewage treatment systems, based on capital budget approved by the Management.

As of December 31, 2024 and 2023, the balance of investment reserve totaled R$ 19,304,132 and R$ 12,753,361, respectively.

According to paragraph four of article 49 of the Bylaws, the Board of Directors may propose to the Shareholders' Meeting that the remaining balance of the profit for the year, net of legal reserve, and minimum mandatory dividend, be allocated to the creation of an investment reserve that will comply with the following criteria:

I- its balance, jointly with the balance of the other earnings reserves, except for the reserves for contingency and unrealized profit, may not exceed the capital stock; and

II- the purpose of the reserve is to ensure the investment plan and its balance may be used:

a) in the absorption of losses, whenever necessary;

b) in the distribution of dividends, at any time;

c) in transactions for the redemption, reimbursement or purchase of shares, authorized by law; and

d) in the incorporation of the capital stock.

(e) Allocation of the profit for the year

	2024	2023	2022

Profit				
(+)	Profit for the year	9,579,563	3,523,531	3,121,267
(-)	Legal reserve – 5%	478,978	176,177	156,063
(-)	Minimum mandatory dividends	2,275,146	836,839	741,301
(-)	Complementary proposed dividends	274,668	147,689	130,857
Investment reserve recorded		6,550,771	2,362,826	2,093,046

Management will send for approval at the Shareholders' Meeting, a proposal to reallocate retained earnings the amount of R$ 6,550,771 to the Investment Reserve account, in order to meet the investment needs foreseen in the Capital Budget.

The balance of the Investment Reserve, along with the other profit reserves, will reach R$ 21,647,715, exceeding the paid-in share capital by R$ 6,647,715. As of March 24, 2025 Management approved the proposal to increase the share capital by R$ 3,400,000.

(f) Retained earnings

The statutory balance of this account is zero because all retained earnings must be distributed or allocated to an earnings reserve.

(g)Other comprehensive loss

Gains and losses arising from changes in actuarial assumptions and transactions involving financial instruments are accounted for as equity valuation adjustments, net of the effects of deferred income tax and social contribution.

	G1 plan	Go	Hedge	Total
Balance as of December 31, 2023	235,708	(89,346)	-	146,362
Actuarial gains/(losses) of the year (Note 24)	7,126	135,201	-	142,327
Gains/(losses) in financial isntruments of the year (Note 5.1 (d))	-	-	(8,350)	(8,350)
Balance as of December 31, 2024	242,834	45,855	(8,350)	280,339

	G1 plan	Go	Total
Balance as of December 31, 2022	181,617	(3,974)	177,643
Actuarial gains/(losses) of the year (Note 22)	54,091	(85,372)	(31,281)
Balance as of December 31, 2023	235,708	(89,346)	146,362

27 Earnings per share

Basic and diluted

Basic earnings per share are calculated by dividing the equity attributable to the Company's owners by the weighted average number of outstanding common shares during the period. The Company does not have potentially dilutive common shares outstanding or debts convertible into common shares. Accordingly, basic and diluted earnings per share are equal.

	2024	2023	2022
Earnings attributable to Company's owners	9,579,563	3,523,531	3,121,267
Weighted average number of common shares issued	683,509,869	683,509,869	683,509,869
Basic and diluted earnings per share (reais per share)	14.02	5.16	4.57

28 Operating segment information

Management, comprised of the Board of Directors and Board of Executive Officers, has determined the operating segment used to make strategic decisions, such as sanitation services.

Result

	2024		
	Sanitation (i)	Reconciliation to the consolidated financial statements (ii)	Balance as per consolidated financial statements
Gross operating revenue	32,650,986	6,225,871	38,876,857
Gross sales deductions	(2,731,380)	-	(2,731,380)
Net operating revenue	29,919,606	6,225,871	36,145,477
Costs, selling, general and administrative expenses	(14,303,994)	(6,085,895)	(20,389,889)
Income from operations before other operating expenses, net and equity accounting	15,615,612	139,976	15,755,588
Other operating income / (expenses), net			(280,450)
Equity results of investments			35,322
Financial result, net			(1,867,652)
Income from operations before taxes			13,642,808
Depreciation and amortization	(2,676,642)		(2,676,642)

	2023

	Sanitation (i)	Reconciliation to the consolidated financial statements (ii)	Balance as per consolidated financial statements
Gross operating revenue	21,513,442	5,600,332	27,113,774
Gross sales deductions	(1,541,718)	-	(1,541,718)
Net operating revenue	19,971,724	5,600,332	25,572,056
Costs, selling, general and administrative expenses	(13,811,665)	(5,474,729)	(19,286,394)
Income from operations before other operating expenses, net and equity accounting	6,160,059	125,603	6,285,662
Other operating income / (expenses), net			27,925
Equity results of investments			32,393
Financial result, net			(1,591,996)
Income from operations before taxes			4,753,984
Depreciation and amortization	(2,790,586)	-	(2,790,586)

	2022		
	Sanitation (i)	Reconciliation to the financial statements (ii)	Balance as per financial statements
Gross operating revenue	18,629,959	4,863,752	23,493,711
Gross sales deductions	(1,437,991)	-	(1,437,991)
Net operating revenue	17,191,968	4,863,752	22,055,720
Costs, selling, general and administrative expenses	(12,689,051)	(4,754,383)	(17,443,434)
Income from operations before other operating expenses, net and equity accounting	4,502,917	109,369	4,612,286
Other operating income / (expenses), net			8,327
Equity results of investments			24,551
Financial result, net			(372,414)
Income from operations before taxes			4,272,750
Depreciation and amortization	(2,450,849)	-	(2,450,849)

(i) See Note 35 for further information about non-cash items, other than depreciation and amortization that impact segment results, and for additional information on long-lived assets;

(ii) Construction revenue and related costs are not reported to the CODM. Revenue from construction is recognized in accordance with IFRIC 12 (Concession Agreements) and IFRS 15 (Revenue from Contracts with Customers), as all performance obligations are satisfied over time. See Note 14 (b) for further information.

29 Insurance

The Company has insurance that covers, among others, fire and other damage to its assets and office buildings, and liability insurance against third parties. It also has civil liability insurance for

the members of the Board of Directors and Board of Executive Officers ("D&O insurance") and guarantee insurance for escrow deposit (as described in Note 22 (f)) and traditional guarantee insurance.

The risk assumptions adopted, given their nature, are not within the scope of a financial statement audit, and consequently have not been examined by independent auditors contracted by the Company.

As of December 31, 2024, the Company's insurance was as follows:

	Amount Insured
Operational risks	78,795,760
Engineering risks	2,807,050
Guarantee insurance for escrow deposit and traditional guarantee (*)	1,400,000
Civil liability – environmental	400,000
Civil liability– D&O (Directors and Officers)	200,000
Civil liability – construction works	162,540
Civil liability – operations	100,000
Other	178,140
Total	84,043,490

(*)SABESP has an agreement that allows issuing policies that total such insured amount. Of the total, R$ 409 million in policies with guarantee insurance were issued.

30Operating revenue

Reconciliation from gross operating revenue to net operating revenue:

	2024	2023	2022
Revenue from sanitation services (i)	23,894,855	21,513,442	18,629,959
Construction revenue	6,225,871	5,600,332	4,863,752
Water/Sewage deduction account (FAUSP) (a)	(395,179)	-	-
Financial asset (indemnity) (ii)	9,151,310	-	-
Sales tax	(2,632,653)	(1,457,125)	(1,363,628)
Regulatory, Control and Oversight Fee (TRCF) (iii)	(98,727)	(84,593)	(74,363)

Net operating revenue	36,145,477	25,572,056	22,055,720

(i) Includes the amount of R$ 117,878 corresponding to the TRCF charged from customers from the municipalities regulated by ARSESP (R$ 105,682 in 2023).
(ii)See Note 16.
(iii)Amount referring to the performance of the regulatory, control and oversight activity paid to ARSESP, under State Complementary Law 1.025/07.

(a) Support Fund for the Universalization of Sanitation in the São Paulo State – FAUSP

According to State Law 17,853 ("Law 17,853"), of December 8, 2023, which authorized the Executive Branch of the São Paulo State ("State") to initiate measures for the privatization of SABESP, the Support Fund for the Universalization of Sanitation in the São Paulo State (FAUSP) was created to provide resources for basic sanitation initiatives, including those aimed at tariff affordability in the sector, aiming at achieving and expediting universalization goals that ensure access to drinking water for 99% of the population and sewage collection and treatment for 90% of the population by December 31, 2029. It also aims to meet quantitative goals for non-interruption of supply, reduction of losses, and improvement of treatment processes, as provided for in Federal Law 11,445/2007 ("Law 11,445").

According to paragraph 1 of Article 4 of Law 17,853, the State is required to contribute at least 30% of the net value obtained from the privatization of SABESP to FAUSP, as well as the amounts received by the State in the form of dividends or interest on capital distributed by SABESP (Article 5 of Law 17,853). These resources should be aimed at basic sanitation initiatives, including those aimed at tariff affordability in the sector. Accordingly, regarding this portion to be provided by the State to fund basic sanitation initiatives, there is no accounting impact for the Company as these resources belong to the State, with no interference or participation from SABESP in their management.

Regarding resources aimed at tariff affordability, the mechanism provided in the Concession Agreement of URAE 1 – Southeast is the creation of two "Escrow accounts", both owned by FAUSP and managed through the Environment, Infrastructure, and Logistics Secretariat (SEMIL). The first "Escrow account" will be funded by FAUSP and reduced when equilibrium tariffs are higher than the application tariffs, after exhausting the resources of the second "Escrow account". The second "Escrow account", in turn, is sensitized in 2 (two) ways.

(a) First form of sensitization:

If the documentation required to qualify the Municipal Fund for Environmental Sanitation and Infrastructure (FMSAI) of a certain municipality has not been submitted to ARSESP, the percentage applied to the municipality's net revenue will be deposited in the second "Escrow account".

According to the Concession Agreement and based on Article 13 of Law 11,445, funds may be established for financing the universalization of public sanitation services. Qualified FMSAIs

or those whose documentation has been submitted to ARSESP will receive a percentage of the net revenue for the quarter, composed of the gross revenue obtained by SABESP in the municipalities, less the Contribution for Social Security Financing (COFINS), the Public Servant Equity Formation Program (PASEP), the Regulation, Control, and Oversight Fee (TRCF), and any charges applicable to revenue. Payments are due 30 days after the publication of the Company's quarterly results, through the contractual end in 2060. Thus, the 371 municipalities in URAE-1 are ensured transfers to FMSAI as follows:

- São Paulo: 7.5% until 2040 and 8.0% as of 2041;
- São José dos Campos: 5%;

- Other 369 municipalities: 4%.

(b) Second form of sensitization:

The regulatory model sets the flow of allocation of resources from FAUSP to enable a reduction in the application tariff (fee to be paid by customers to SABESP for the use of services), using the Company's tariff values before the date of effectiveness of the agreement as a reference. Accordingly, whenever an application tariff lower than the equilibrium tariff is used, ARSESP will authorize the transfer of amounts from the "Escrow accounts" to SABESP. Every quarter, ARSESP will inform the Bank and SABESP of the amount to be transferred due to differences between the application tariff and the equilibrium tariff. If the application tariff is lower than the equilibrium tariff, the Bank will make quarterly transfers to SABESP; if it is higher, SABESP will transfer to the second "Escrow account" the amount informed by ARSESP every quarter. When the application tariff is higher than the equilibrium tariff, a liability will be recognized, reducing the Company's operating revenue.

The methodology for calculating the equilibrium tariffs is not yet defined by ARSESP, although current application tariffs used by SABESP in the municipalities composing URAE 1 – Southeast are higher than the equilibrium tariffs to be defined by ARSESP based on Exhibit VIII of the Concession Agreement.

Based on the aforementioned exhibit, SABESP estimated that, as of December 31, 2024, the tariffs applied were approximately 3.2% higher than the equilibrium tariffs, according to the Tariff Repositioning Index (IRepT) of -4.2167% presented in Exhibit VIII – Formation of the Initial Tariff, considering that the tables of Exhibit IV – Tariff Exhibit include a discount of -1% (items 13.4 and 13.5 of Exhibit VIII – Formation of the Initial Tariff), leading to a R$ 395,179 reduction in gross sanitation revenue for 2024 with a corresponding entry in the services payable line.

Until December 31, 2024, no resources had been contributed to the Company regarding FAUSP.

Companhia de Saneamento Básico do Estado de São Paulo - SABESP

Notes to the Consolidated Financial Statements
Years ended December 31, 2024, 2023 and 2022
Amounts in thousands of reais, unless otherwise indicated

31 Operating costs and expenses

	2024	2023	2022
Operating costs			
Salaries, payroll charges and benefits	(2,357,526)	(2,717,005)	(2,285,765)
Pension plan obligations	(23,704)	(36,998)	(29,796)
Construction costs (Note 28)	(6,085,895)	(5,474,729)	(4,754,383)
General supplies	(345,771)	(356,481)	(369,381)
Treatment supplies	(577,639)	(558,557)	(598,993)
Outsourced services	(1,915,851)	(1,843,213)	(1,724,347)
Electricity	(1,573,067)	(1,514,542)	(1,497,644)
General expenses	(1,246,474)	(967,148)	(831,503)
Depreciation and amortization	(2,477,146)	(2,583,193)	(2,259,091)
	(16,603,073)	(16,051,866)	(14,350,903)
Selling expenses			
Salaries, payroll charges and benefits	(335,382)	(347,536)	(306,864)
Pension plan obligations	(3,825)	(3,359)	(4,021)
General supplies	(4,679)	(6,746)	(7,121)
Outsourced services	(423,964)	(439,995)	(418,632)
Electricity	(658)	(673)	(1,001)
General expenses	(98,800)	(116,933)	(107,313)
Depreciation and amortization	(50,281)	(68,818)	(67,015)
	(917,589)	(984,060)	(911,967)
Bad debt expense, net of recoveries (Note 10 (c))	(557,789)	(652,920)	(782,057)
Administrative expenses			
Salaries, payroll charges and benefits	(602,217)	(423,948)	(284,562)
Pension plan obligations	(78,428)	(122,248)	(84,670)
General supplies	(108,901)	(23,008)	(23,664)
Outsourced services	(391,637)	(287,744)	(250,293)
Electricity	(1,297)	(2,020)	(1,896)
General expenses	(898,587)	(509,984)	(548,626)
Depreciation and amortization	(149,215)	(138,575)	(124,743)
Tax expenses	(81,156)	(90,021)	(80,053)
	(2,311,438)	(1,597,548)	(1,398,507)
Operating costs and expenses			
Salaries, payroll charges and benefits	(3,295,125)	(3,488,489)	(2,877,191)
Pension plan obligations (Note 24 (v))	(105,957)	(162,605)	(118,487)
Construction costs (Note 28)	(6,085,895)	(5,474,729)	(4,754,383)
General supplies	(459,351)	(386,235)	(400,166)
Treatment supplies	(577,639)	(558,557)	(598,993)
Outsourced services	(2,731,452)	(2,570,952)	(2,393,272)
Electricity	(1,575,022)	(1,517,235)	(1,500,541)
General expenses	(2,243,861)	(1,594,065)	(1,487,442)

Depreciation and amortization	(2,676,642)	(2,790,586)	(2,450,849)
Tax expenses	(81,156)	(90,021)	(80,053)
Bad debt expense, net of recoveries (Note 10 (c))	(557,789)	(652,920)	(782,057)
	(20,389,889)	(19,286,394)	(17,443,434)

32Financial income (expenses)

	2024	2023	2022
Financial expenses			
Interest and charges on borrowings and financing – local currency	(1,360,747)	(1,110,135)	(954,744)
Interest and charges on borrowings and financing – foreign currency	(120,270)	(89,198)	(47,139)
Other financial expenses	(758,703)	(849,489)	(364,117)
Inflation adjustment on borrowings and financing	(134,258)	(146,637)	(190,202)
Other inflation adjustments	(15,046)	(301,593)	(183,966)
Interest and inflation adjustment on provisions	(312,280)	(211,565)	(216,098)
Total financial expenses	(2,701,304)	(2,708,617)	(1,956,266)
Financial income			
Inflation adjustment gains	296,916	219,473	541,516
Income on financial investments	552,168	370,638	417,129
Interest income	264,892	256,116	195,274
Cofins and Pasep	(69,918)	(40,401)	(62,405)
Other	93	79	17
Total financial income	1,044,151	805,905	1,091,531
Financial income (expenses), net of exchange variation	(1,657,153)	(1,902,712)	(864,735)
Exchange gain (losses)			
Exchange rate changes on borrowings and financing	(525,624)	309,959	491,918
Gains (losses) with derivative financial instruments	315,079	-	-

Exchange rate changes on assets	46	767	301
Other exchange rate changes	-	(10)	102
Exchange rate changes, net	(210,499)	310,716	492,321
Financial income (expenses), net	(1,867,652)	(1,591,996)	(372,414)

33Other operating income (expenses), net

	2024	2023	2022
Other operating income, net	59,063	99,307	64,638
Other operating expenses	(339,513)	(71,382)	(56,311)
Other operating income (expenses), net	(280,450)	27,925	8,327

Other operating income includes revenue from the sale of property, plant and equipment, contracts awarded in public bids, right to sell electricity, indemnities and reimbursement of expenses, fines and guarantees, property leases, reuse water, PURA projects and services, net of Cofins and PIS.

Other operating expenses usually record the derecognition of concessions assets due to obsolescence, discontinued construction works, unproductive wells, projects considered economically unfeasible, losses on property, plant and equipment, estimated losses and operational assets indemnification. In 2024, R$ 164,022 was recognized related to estimated losses with construction works and projects and R$ 99,653 was recognized as expenses related to the privatization process.

34Commitments

The Company has agreements to manage and maintain its activities, as well as to build new projects aiming at achieving the objectives proposed in its target plan. The main unrecognized committed amounts as of December 31, 2024, are as follows:

	1 year	1-3 years	3-5 years	More than 5 years	Total
Contractual obligations – Expenses	2,187,670	2,057,845	1,397,956	4,049,054	9,692,525

Contractual obligations – Investments	4,203,686	7,373,479	539,247	116,538	12,232,950
Total	6,391,356	9,431,324	1,937,203	4,165,592	21,925,475

35 Supplemental cash flow information

	2024	2023	2022
Total additions to contract assets (Note 14)	6,675,914	6,026,053	5,240,528
Total additions to intangible assets (Note 15 (b))	2,862,651	258,473	75,400
Items not affecting cash (see breakdown below)	(1,608,619)	(2,293,201)	(1,765,391)
Total additions to intangible and contract assets according to the statement of cash flows	7,929,946	3,991,325	3,550,537
Investments and financing operations affecting intangible assets but not cash:			
Interest capitalized in the year (Note 14 (a))	564,302	638,208	622,803
Contractors payable	748,088	419,457	414,645
Performance agreements	72,205	1,001,528	576,392
Right of use	84,048	108,405	42,182
Construction margin (Note 28)	139,976	125,603	109,369
Total	1,608,619	2,293,201	1,765,391

36 Events after the reporting period

- **33rd issue debentures**

In February 2025, the Company raised R$ 3.7 billion from the 33rd issue of simple, unsecured debentures, not convertible into shares, in three series, for public distribution, under the automatic registration process aimed at professional investors, according to CVM Instruction 160.

Additionally, in February 2025, interest rate swap operations were contracted for the 2nd series, swapping from IPCA + 7.5485% p.a. to CDI - 0.34% p.a., and for the 3rd series, swapping from IPCA + 7.3837% p.a. to CDI - 0.45% p.a.

- **Judicial Payment Order**

As of April 9, 2025, SABESP informed its shareholders and the market in general that the Judicial Payment Orders Conciliation Chamber of the São Paulo Municipal Attorney General Office

approved the last two proposed agreements formulated by Sabesp ("Agreements") for the settlement of judicial payment order within the scope of the Call Notice for agreement No. 1/2024 ("Notice").

The updated amounts, total R$ 2.48 billion (as of feb/2025). The discount percentage will be applied to such amount, according to the calculations to be carried out by the Board of Judicial Payment Orders Executions and Calculations of the São Paulo State Court of Justice ("DEPRE TJSP").

Considering the expected parameters, an estimated amount of R$ 1,48 billion (as of feb/2025) is expected to be paid to SABESP over 6 months. It is worth noting that this estimated amount may vary due to DEPRE TJSP calculations.

- **Ordinary General Shareholder's Meeting**

As of April 29, 2025 was held the Annual Shareholder's Meeting.

EXHIBIT 2.1

DESCRIPTION OF SECURITIES

REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT

As of December 31, 2024, Companhia de Saneamento Básico do Estado de São Paulo – SABESP ("we," "us," and "our") had the following series of securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, without Par Value	Not Traded	New York Stock Exchange *
American Depositary Shares, evidenced by American Depositary Receipts, each representing one Common Share	SBS	New York Stock Exchange

* Shares are not listed for trading, but only in connection with the registration of American Depositary Shares pursuant to the requirements of the New York Stock Exchange.

Capitalized terms used but not defined herein have the meanings given to them in our annual report on Form 20-F for the fiscal year ended December 31, 2024.

COMMON SHARES, WITHOUT PAR VALUE

General

Set out below is certain information concerning our authorized and issued share capital and a brief summary of certain significant provisions of our bylaws and Brazilian Corporate Law. This description does not purport to be complete and is qualified by reference to our bylaws and to Brazilian Corporate Law. A copy of our bylaws is attached to our annual report on Form 20-F as "Exhibit 1.1— Bylaws of the Registrant (English translation) (incorporated by reference to the Form 6-K filed on November 5, 2024)". We encourage you to read our bylaws and the applicable sections of our annual report for additional information.

Share Capital

Our capital stock is only composed of common shares, all without par value. As of December 31, 2024, our share capital was represented by 683,509,868 common shares and one special class preferred share (Golden Share) owned by the State of São Paulo. Our common shares are publicly traded in Brazil on the São Paulo Stock Exchange (B3 S.A. – Brasil, Bolsa, Balcão, or "B3"), under the ticker symbol SBSP3. See "Item 7.A. Major Shareholders and Related Party Transactions—Major Shareholder" of our annual report on Form 20-F.

Rights, preferences and restrictions attaching to each class of shares

Each common share entitles the holder thereof to one vote at our annual or special shareholders' meetings. According to Brazilian Corporate Law and CVM regulations, our shareholders' meetings must be called by publication of a notice in a newspaper of general circulation in our principal place of business (in our case, the publication "*Valor Econômico*"), and on the website of the same newspaper, currently the city of São Paulo, at least 21 days prior to the day of the meeting (and, on second call, eight days prior to the meeting). Notwithstanding, because of our ADR program, the CVM recommends a 30-day notice period for shareholder meetings. The quorum to hold shareholders' meetings on first call requires the attendance of shareholders, either in person or by proxy, representing at least 25.0% of the shares entitled to vote and, on second call, the meetings can be held with the attendance of shareholders, also either in person or by proxy, representing any number of shares entitled to vote (except as otherwise provided by Brazilian Corporate Law). Following our Privatization, the State of São Paulo has veto power over proposed changes to: (i) our name and headquarters; (ii) our corporate purpose of providing water and sewage services; and (iii) any provisions in our bylaws regarding limits on the exercise of voting rights attributed to shareholders or groups of shareholders.

Under Brazilian Corporate Law, our common shares are entitled to dividends or other distributions made in respect of our common shares in proportion to their share of the amount available for the dividend or distribution. See "Item 8.A. Financial Statements and Other Financial Information—Dividends and Dividend Policy" of our annual report on Form 20-F for a more complete description of payment of dividends and other distributions on our common shares. In addition, upon any liquidation of our company, our common shares are entitled to our remaining capital after paying our creditors in proportion to their ownership interest in us.

In principle, a change in shareholder rights, such as the reduction of the compulsory minimum dividend, is subject to a favourable vote of the shareholders representing at least one half of our voting shares. Under some circumstances that may result in a change in the shareholder rights, such as the creation of preferred shares, Brazilian Corporate Law requires the approval of a majority of the shareholders who would be adversely affected by the change attending a special meeting called for such reason. It should be emphasized, however, that our bylaws expressly prevent us from issuing preferred shares. Brazilian. Corporate Law specifies other circumstances where a dissenting shareholder may also have appraisal rights.

According to Brazilian Corporate Law, neither a company's bylaws nor actions taken at a general shareholders' meeting may deprive a shareholder of certain rights, such as:

- the right to participate in the distribution of profits;
- the right to participate equally and ratably in any remaining residual assets in the event of liquidation of the company;
- the right to supervise the management of the corporate business as specified in Brazilian Corporate Law;
- the right to preemptive rights in the event of a subscription of shares, debentures convertible into shares or subscription bonuses (except in some circumstances specified under Brazilian Corporate Law and as provided for in item "Preemptive Rights" below); and
- the right to withdraw from the company in the cases specified in Brazilian Corporate Law.

Pursuant to Brazilian Corporate Law and our bylaws, each of our common shares carries the right to one vote at our shareholders' meetings. We may not restrain or deny that right without the consent of the holders of a majority of the shares affected.

Neither Brazillian Corporate Law nor our bylaws expressly address:

- staggered terms for directors;
- cumulative voting, except as described below; or
- measures that could prevent a takeover attempt.

Considering our current capital stock, according to Brazilian Corporate Law and other applicable regulations, shareholders representing at least 5% of our capital, may request that a multiple voting procedure be adopted to entitle each share to as many votes as there are board members and to give each shareholder the right to vote cumulatively for only one candidate or to distribute their votes among several candidates. Pursuant to Brazilian Corporate Law, shareholder action must be taken at a shareholders meeting, duly called for and not by written consent.

Pursuant to Brazilian Corporate Law, non-controlling holders of common shares issued by a mixed capital company (*sociedade de economia mista),* irrespective of its interest percentage in the company's voting capital, may exercise the right to elect separately a member of the Board of Directors and an alternate, if they are not entitled to elect more members by means of the multiple voting procedure.

In addition, pursuant to our bylaws, the participation of one employee representative on the Board of Directors is assured, with a term of office coinciding with that of the other directors. The director representing the employees will be chosen by vote of the employees, with our administrative collaboration when requested, in a direct election, with no automatic reconduction for successive periods.

Dividends

The Brazilian Corporate Law and our bylaws prescribe that we must distribute to our shareholders in the form of dividends or interest on shareholders' equity an annual amount equal to or greater than 25% of the fiscal year's net income, after the deductions established or authorized by law, unless our Board of Directors advises our shareholders at our general shareholders' meeting that payment of the mandatory dividend for the preceding year is inadvisable in light of our financial condition. Our Fiscal Council must review any such determination and report it to the shareholders. The shareholders must approve the recommendation of our Board of Directors with respect to any required distribution.

In addition, we are required by the Brazilian Corporate Law and our bylaws to hold an annual shareholders' meeting by the fourth month after the end of each fiscal year, at which an annual dividend may be declared. Under Brazilian Corporate Law, dividends are generally required to be paid to the holder of record on a dividend declaration date within 60 days following the date the dividend was declared, unless a shareholders' resolution sets forth another date of payment, which, in either case, the payment of the dividends must occur prior to the end of the fiscal year in which the dividend was declared. A shareholder has a three-year period from the dividend payment date to claim dividends (or payments of interest on shareholders' equity as described under "Item 8.A. Financial Statements and Other Financial Information—Payment of Dividends" of our annual report on Form 20-F) in respect of its shares, after which the amount of the unclaimed dividends reverts to us.

Preemptive rights

Our shareholders have a general preemptive right to subscribe for new shares or securities convertible into shares, in proportion to their ownership interests, except in the event of the grant and exercise of any option to acquire shares of our capital stock. The preemptive rights are valid for 30 days from the publication of the announcement of a capital increase. Shareholders are also entitled to transfer or sell their preemptive rights to third parties. The preemptive rights may be eliminated or its exercise period may be reduced in connection with a public securities offering.

In the event of a capital increase by means of the issuance of new shares, holders of ADSs, or common shares, may face restrictions on exercising preemptive rights unless, under the Securities Act, a registration statement is effective or an exemption applies. For more information, see "Item 3.D. Risk Factors—Risks Relating to Our Common Shares and ADSs—A holder of our common shares and ADSs might be unable to exercise preemptive rights and tag-along rights with respect to the common shares."

Memorandum and Articles of Association

The following is a summary of the material terms of our common shares, including related provisions of our bylaws and Brazilian Corporate Law. This description is qualified by reference to our bylaws and to Brazilian law.

Corporate Purposes

We are a mixed capital company (*sociedade de economia mista*) of unlimited duration, incorporated on September 6, 1973, with limited liability, duly organized and operating under Brazilian Corporate Law. As set forth in article 2 of our bylaws, our corporate purpose is to render basic sanitation services, aimed at the universalization of basic sanitation in the state of São Paulo without harming our long-term financial sustainability. Our activities comprise water supply, sanitary sewage services, urban rainwater management and drainage services, urban cleaning services, solid waste management services and related activities, including the planning, operation, maintenance and commercialization of energy (for us or third parties), and the commercialization of services, products, benefits and rights that directly or indirectly arise from our assets, operations and activities. We are allowed to act, in a subsidiary form, in other Brazilian locations and abroad.

Board of Directors and Executive Officers

In addition to the general provisions of Brazilian law, our Board of Director's internal charter contains the specific provisions set out below regarding a director's power to vote on a proposal, arrangement or contract in which that director has a material interest. Under Brazilian Corporate Law, a director or an executive officer is prohibited from voting in any meeting or with respect to any transaction in which that director or executive officer has a conflict of interest with the company and must disclose the nature and extent of the conflicting interest to be recorded in the minutes of the meeting. In any case, a director or an executive officer may not transact any business with the company, including any borrowing, except on reasonable or fair terms and conditions that are identical to the terms and conditions prevailing in the market or offered by third parties.

According to our Board of Director's internal charter, when a matter involves a conflict of interest with ours or a particular interest in the matter, each member of the Board of Directors shall (i) declare his impediment in a timely manner, as soon as he becomes aware of the fact, (ii) refrain from intervening in the matter in discussion or deliberation, (iii) include the fact in the minutes of the meeting, and (iv) abstain from discussions and deliberations.

Under our bylaws, our shareholders are responsible for establishing the compensation we pay to the members of our Board of Directors, Board of Executive Officers and Fiscal Council.

Pursuant to Brazilian Corporate Law, only natural persons can be elected as members of our Board of Directors or our Board of Executive Officers. However, the appointment of a Director or executive officer residing or domiciled abroad is subject to the appointment of a representative residing in the country, pursuant to the Brazilian Corporate Law. See also "Item 6.A. Directors and Senior Management" of our annual report on Form 20-F.

Liquidation Rights

Under Brazilian Corporate Law, the approval of shareholders representing at least one-half of the issued and outstanding voting shares is required for dissolving or liquidating us.

Redemption and Rights of Withdrawal

Brazilian Corporate Law provides that, under limited circumstances, a shareholder has the right to withdraw his or her equity interest from the company and to receive payment for the portion of shareholder's equity attributable to his or her equity interest. This right of withdrawal may be exercised by dissenting shareholders in the event that at least half of all voting shares outstanding authorize us:

- to reduce the mandatory distribution of dividends;
- to merge into another company or to consolidate with another company, subject to the conditions set forth in Brazilian Corporate Law;
- to participate in a centralized group of companies, as defined under and subject to Brazilian Corporate Law;
- to change our corporate purpose;
- to split up, subject to Brazilian Corporate Law;

- to change the preferences, advantages and conditions for redemption or amortization of one or more classes of preferred shares, or create a new more favored class of shares;
- to dissolute the company;
- to transform into another type of company;
- to transfer all of our shares to another company or to receive shares of another company in order to make the company whose shares are
  transferred a wholly owned subsidiary of such company, known as *incorporação de ações*; or
- to acquire control of another company at a price which exceeds the limits set forth in Brazilian Corporate Law.

The right of withdrawal lapses 30 days after publication of the minutes of the shareholders' meeting that approved a corporate action described above. We would be entitled to reconsider any action giving rise to withdrawal rights within 10 days following the expiration of such rights if the withdrawal of shares of dissenting shareholders would jeopardize our financial condition. Brazilian Corporate Law allows companies to redeem their shares at their economic value, subject to the provisions of their bylaws and certain other requirements. Our bylaws currently do not provide that our capital stock will be redeemable at its economic value and, consequently, any redemption pursuant to Brazilian Corporate Law would be made based on the book value per share, determined on the basis of the most recent balance sheet approved by the shareholders. However, if a shareholders' meeting giving rise to redemption rights occurred more than 60 days after the date of the most recent balance sheet approved, a shareholder would be entitled to demand that his or her shares be valued on the basis of a new balance sheet dated within 60 days of such shareholders' meeting. In this case, the company will immediately pay 80% of the reimbursement amount calculated based on the most recent balance sheet and, once the next balance sheet is finalized, will pay the balance within 120 days from the date of the general shareholders' meeting.

In addition, shareholders are precluded from exercising withdrawal rights resulting from a (i) merger into or consolidation with another company, subject to the conditions set forth in Brazilian Corporate Law or (ii) participation in a centralized group of companies, as defined under and subject to Brazilian Corporate Law if their shares meet the following criteria: (a) they are considered liquid, defined as being part of the Bovespa index (Índice Bovespa) or another stock exchange index (as defined by the CVM), and (b) share ownership is dispersed, such that the controlling shareholder or companies it controls hold less than 50.0% of our shares. Ou common shares are listed on the Bovespa index.

We may cancel the right of withdrawal if the payment amount has a material adverse effect on our finances.

Changes to Our Share Capital

Under Brazilian Corporate Law, the approval of shareholders representing at least one-half of the issued and outstanding voting shares is required for creating class of preferred shares with more privileges than the common shares. Pursuant to Brazilian Corporate Law, shareholder action must be taken at a shareholders meeting, duly called for and not by written consent.

Restrictions on Non-Brazilian Holders

Under Brazilian Corporate Law, there are no limitations on the rights of individuals or legal entities domiciled outside Brazil to own our capital stock, including the rights of such non-resident or foreign shareholders to hold or exercise voting rights.

However, the right to convert dividend or interest payments and proceeds from the sale of shares into foreign currency and to remit those amounts outside Brazil is subject to certain restrictions under foreign investment legislation, which generally requires, among other things, that the investments made by nonresident investors have been registered with the Central Bank of Brazil and the CVM. These restrictions on the remittance of foreign capital abroad could hinder or prevent the custodian for the common shares represented by ADSs or the holders of the common shares from converting dividends, distributions or the proceeds from any sale of shares or rights, as the case may be, into U.S. dollars and remitting those amounts abroad. Holders of our ADSs could be adversely affected by delays in, or refusal to grant, any required government approval to convert Brazilian currency payments on the common shares underlying our ADS and to remit the proceeds abroad.

Accordingly, the proceeds from the sale of ADSs by ADR holders outside Brazil are not subject to Brazilian foreign investment controls, and holders of the ADSs are entitled to favorable tax treatment under certain circumstances. For more information, see "Item 3.D. Risk Factors—Risks Relating to Our Common Shares and

ADSs— Investors who exchange ADSs for common shares may lose their ability to remit foreign currency abroad and obtain Brazilian tax advantages" and "Item 10.E. Taxation—Brazilian Tax Considerations" of our annual report on Form 20-F.

Since January 1, 2025, Central Bank/CMN Joint Resolution No. 13/2024, of December 3, 2024, has been in full effect, providing for the issuance of depositary receipts in foreign markets in respect to shares of Brazilian issuers. The Central Bank/CMN Joint Resolution No. 13/2024, among other acts, revoked CMN Resolution No. 4373/2014, of September 29, 2014. Under Brazilian law relating to foreign investment in the Brazilian capital markets, foreign investors registered with the Central Bank and the CVM and acting through (i) authorized custodial accounts managed by local agents; and (ii) local intermediaries (such as securities broker-dealers), may buy and sell shares on Brazilian stock exchanges without obtaining separate certificates of registration for each transaction. Foreign investors may register their investment under Law No. 14,286/2021, of December 3, 2021, as regulated by BCB Resolution No. 278 of December 31, 2022, as amended, or under Central Bank/CMN Joint Resolution No. 13/2024.

Law No. 14,286/2021, regulated by BCB Resolution No. 278, is the main legislation concerning investment of direct foreign capital and foreign direct equity in companies based in Brazil. It is applicable to investments of at least US$100,000 that enter Brazil in the form of foreign currency, goods or services to local private companies. Foreign investment portfolios (i.e. investments into securities traded on stock exchanges or over-the-counter markets) are regulated by Central Bank/CMN Joint Resolution No. 13/2024, and CVM Resolution No. 13/2020, of November 18, 2020, which regulates the filing of transactions and disclosure of information by foreign investors, all reflecting the provisions of Central Bank/CMN Joint Resolution No. 13/2024.

As of November 18, 2020, foreign investors that intend to be registered with the CVM shall fulfill the requirements under CVM Resolution No. 13/2020. In accordance with Central Bank/CMN Joint Resolution No. 13/2024, the definition of a foreign investor includes individuals, legal entities, mutual funds and other collective investment entities, domiciled or headquartered abroad. In order to become a 13 Holder, a foreign investor must:

- appoint at least one representative in Brazil, which must be a financial institution or an institution authorized to operate by the Central Bank of Brazil;
- appoint at least one authorized custodian in Brazil for its investments (which must be a financial institution or entity duly authorized by the Central Bank of Brazil or the CVM), duly licensed by the CVM (except if the foreign investor is a natural person);
- appoint a tax representative in Brazil;
- through its representative in Brazil, register itself as a foreign investor with the CVM (not applicable to individual non-resident investors);
- hire a local intermediary (e.g. a securities broker-dealer) for trading securities in local stock exchanges, including for purposes of acquiring shares of Brazilian companies listed in the local stock exchange;
- through its representative in Brazil, register its foreign investment with the Central Bank of Brazil and report it periodically to the CVM; and
- be registered with the Federal Tax Authority (Secretaria da Receita Federal – "RFB"), pursuant to RFB Normative Instruction No. 2.172/2024, and RFB Normative Instruction No. 2.119/2022.

The right to convert dividend or interest payments and proceeds from the sale of shares into foreign currency and to remit such amounts outside Brazil is subject to restrictions under foreign investment legislation which generally requires, among other things, that the relevant investments have been registered with the Central Bank and the CVM. Such restrictions on the remittance of foreign capital abroad may hinder or prevent the custodian for our common shares represented by our ADSs or the holders of our common shares from converting dividends, distributions or the proceeds from any sale of these shares into U.S. dollars and remitting the U.S. dollars abroad. Holders of our ADSs could be adversely affected by delays in, or refusal to grant any, required government approval to convert Brazilian currency payments on the common shares underlying our ADS and to remit the proceeds abroad.See also "Item 9.C. Markets – Trading on the Brazilian Stock Exchange" and "Item 10.D. Exchange Controls" of our annual report on Form 20-F.

Form and Transfer of Shares

Our common shares are in book-entry form registered in the name of each shareholder. The transfer of such shares is made under Brazilian Corporate Law, which provides that a transfer of shares is effected by our transfer agent, Banco Bradesco S.A, upon presentation of valid share transfer instructions to us by a transferor or its representative. When common shares are acquired or sold on a Brazilian stock exchange, the transfer is effected

on the records of our transfer agent by a representative of a brokerage firm or the stock exchange's clearing system. Transfers of shares by a foreign investor are made in the same way and are executed by the investor's local agent, who is also responsible for updating the information relating to the foreign investment furnished to the Central Bank of Brazil.

Shareholder Ownership Disclosure

Pursuant to CVM regulations, a Brazilian public company's (i) direct or indirect controlling shareholders, (ii) shareholders who have elected members of such company's board of directors or fiscal council, as well as (iii) any person or corporate entity, or group of persons representing the same interest, in each case that has directly or indirectly acquired or sold an interest that exceeds (either upward or downward) the threshold of 5%, or any multiple thereof, of the total number of shares of any type or class, must disclose such shareholder's or person's share ownership or divestment, immediately after the acquisition or sale, to the CVM and the B3.

AMERICAN DEPOSITARY SHARES (EVIDENCED BY AMERICAN DEPOSITARY RECEIPTS), EACH REPRESENTING ONE COMMON SHARE

Depositary

The Bank of New York Mellon acts as the depositary ("Depositary"), for our American Depository Shares ("ADSs"), which are evidenced by American Depositary Receipts ("ADRs"). Each ADS represents one common share deposited with the Custodian (as defined below), as agent of the Depositary, under the amended and restated deposit agreement ("Deposit Agreement") dated as of May 9, 2002, as amended and restated as of January 22, 2013, between us, the Depositary and any person in whose name ADRs are registered on the books of the Depositary maintained for such purpose, or an owner, and any person holding from time to time those ADSs ("holders").

The Bank of New York Mellon's office where the ADRs are administered is located at 240 Greenwich Street, New York, N.Y. 10286, United States, or the Corporate Trust Office, and its principal executive office is located at 225 Liberty Street, New York, N.Y. 10286, United States.

Provisions

Banco Bradesco S.A. located in Brazil acts as custodian ("Custodian"), as the agent of the Depositary for the purposes of the Deposit Agreement.

Holders of our ADSs are not treated as our shareholders and do not have the same rights that our shareholders have. The Depositary will hold the shares that underlie the common share ADSs through the Custodian in accordance with the provisions of the Deposit Agreement. The rights of our ADSs holders are governed by the Deposit Agreement and the ADRs, which are governed by New York law. In contrast, the rights of our shareholders are governed by Brazilian law.

If you become an owner of ADSs, you will become a party to the Deposit Agreement and therefore will be bound to its terms and to the terms of any ADR that evidences your ADSs. The Deposit Agreement and the ADRs specify our rights and obligations as well as your rights and obligations as owner of ADSs and those of the Depositary. As an ADS holder you appoint the Depositary to act on your behalf in certain circumstances.

We are providing you with a summary of the material terms of the ADSs, the Depositary Agreement and of your material rights as an owner of an ADS. We urge you to review the Deposit Agreement in its entirety, which sets forth the full rights of owners and holders and the rights and duties of the Depositary in respect of the common shares deposited thereunder. Copies of the Deposit Agreement are on file at the Depositary's Corporate Trust Office.

Dividends and Distributions

Whenever the Depositary receives any cash dividend or other cash distribution on any deposited securities, the Depositary will, after conversion to U.S. dollars, if applicable under the Depositary Agreement, distribute the amount received (net of the fees and expenses of the Depositary as provided in the Deposit Agreement, if applicable) to the owners of ADRs entitled thereto as of the record date. Provided, however, that in the event that we or the Depositary are required to withhold and do withhold from such cash dividend or such other cash distribution in respect of any deposited securities an amount on account of applicable taxes, the amount distributed to the owners of the ADRs evidencing ADS representing such deposited securities will be reduced accordingly.

Subject to the provisions of the Deposit Agreement, whenever the Depositary receives any distribution other than certain distributions further described in Sections 4.1, 4.3 or 4.4 of the Deposit Agreement, the Depositary will, as promptly as practicable after consultation with us, cause the securities or property received by it to be distributed to the owners of ADRs entitled thereto, after deduction or upon payment of any fees and expenses of the Depositary or any applicable taxes or other governmental charges, in any manner that the Depositary may reasonably deem equitable and practicable for accomplishing such distribution. Provided, however, that if in the opinion of the Depositary such distribution cannot be made proportionately among the owners of ADRs entitled thereto, or if for any other reason the Depositary deems such distribution not to be feasible, the Depositary may adopt such method as it may reasonably deem equitable and practicable for the purpose of effecting such distribution, including, but not limited to, the public or private sale of the securities or property thus received, or any part thereof, and the net proceeds of any such sale will be distributed by the Depositary to the owners of ADRs entitled thereto as in the case of a distribution received in cash; provided that any unsold balance of such securities or property is distributed by the Depositary to the holders entitled thereto, if such distribution is feasible without withholding for or on account of any taxes or other governmental charges and without registration under the Securities Act, in accordance with such equitable and practicable methods as the Depositary may have adopted; provided, further, that no distribution to holders pursuant to Section 4.2 of the Deposit Agreement is unreasonably delayed by any action of the Depositary.

If any distribution upon any deposited securities consists of a dividend in, or free distribution of, common shares, the Depositary may, and will if we request, distribute to the owners of outstanding ADRs entitled thereto, additional ADRs evidencing an aggregate number of ADSs representing the amount of common shares received as such dividend or free distribution, subject to the terms and conditions of the Deposit Agreement with respect to the deposit of common shares and the issuance of ADSs evidenced by ADRs, including the withholding of any tax or other governmental charge as provided in Section 4.11 of the Deposit Agreement and the payment of the fees of the Depositary as provided in Section 5.9 of the Deposit Agreement. In lieu of delivering ADRs for fractional ADSs in any such case, the Depositary will sell the amount of common shares represented by the aggregate of such fractions and distribute the net proceeds, all in the manner and subject to the conditions set forth in the Deposit Agreement. If additional ADRs are not so distributed, each ADS will thenceforth also represent the additional common shares distributed upon the deposited securities represented thereby.

In the event that the Depositary determines that any distribution in property (including common shares and rights to subscribe therefor) is subject to any tax or other governmental charge which the Depositary is obligated to withhold, the Depositary may by public or private sale dispose of all or a portion of such property (including common shares and rights to subscribe therefor) in such amounts and in such manner as the Depositary deems necessary and practicable to pay any such taxes or charges and the Depositary will distribute the net proceeds of any such sale after deduction of such taxes or charges to the owners of ADRs entitled thereto.

The owners shall indemnify the Depositary, us, the Custodian and any respective directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit obtained.

Rights to Purchase Additional Shares

If we offer the holders of any deposited securities any rights to subscribe for additional common shares or any rights of any other nature, the Depositary may (i) distribute those rights to owners of ADRs, (ii) exercise those rights on behalf of owners of ADRs or (iii) sell those rights and distribute the net proceeds to owners of ADRs, in each case after deduction or upon payment of its fees and expenses.

To the extent the Depositary does not do any of those things, it will allow the rights to lapse. In that case, you will receive no value for them. The Depositary will exercise or distribute rights only if we provide satisfactory assurances to the Depositary that it is legal to do so. If the Depositary exercises any rights, it will purchase the securities to which the rights relate and distribute those securities to subscribing owners of ADRs, but only if such owners of ADRs have paid the exercise price to the Depositary. U.S. securities laws may restrict the ability of the Depositary to distribute rights, ADSs, ADRs or other securities issued on exercise of rights to all or certain owners of ADRs, and the securities distributed may be subject to restrictions on transfer.

Surrender and Withdrawal of Deposited Securities

Upon surrender at the deposited securities of the Depositary of an ADR for the purpose of withdrawal of the deposited securities represented by the ADS evidenced by such ADR, and upon payment of the fee of the Depositary for the surrender of ADR as provided in the Deposit Agreement and payment of all taxes and

governmental charges payable in connection with such surrender and withdrawal of the deposited securities, and subject to the terms and conditions of the Deposit Agreement, the owner of such ADR will be entitled to delivery, to him or her or upon his or her order, of the amount of deposited securities at the time represented by the ADS evidenced by such ADRs. Delivery of such deposited securities may be made by the delivery of (a) deposited securities in the name of such owner or as ordered by him or her or by certificates properly endorsed or accompanied by proper instruments of transfer to such owner or as ordered by him or her and (b) any other securities, property and cash to which such owner is then entitled in respect of such ADRs to such owner or as ordered by him. Such delivery will be made, as hereinafter provided, without unreasonable delay.

An ADR surrendered for such purposes may be required by the Depositary to be properly endorsed in blank or accompanied by proper instruments of transfer in blank, and if the Depositary so requires, the owner thereof will execute and deliver to the Depositary a written order directing the Depositary to cause the deposited securities being withdrawn to be delivered to or upon the written order of a person or persons designated in such order. Thereupon the Depositary will direct the Custodian to deliver at the principal office of such Custodian, subject to limitations contained in the ADR and to the other terms and conditions of the Deposit Agreement, to or upon the written order of the person or persons designated in the order delivered to the Depositary as above provided, the amount of deposited securities represented by the ADRs evidenced by such ADR, except that the Depositary may make delivery to such person or persons at the principal trust office of the Depositary of any dividends or distributions with respect to the deposited securities represented by the ADSs evidenced by such ADRs, or of any proceeds of sale of any dividends, distributions or rights, which may at the time be held by the Depositary.

At the request, risk and expense of any owner so surrendering an ADR, and for the account of such owner, the Depositary will direct the Custodian to forward any cash or other property (other than rights) comprising, and forward a certificate or certificates, if applicable, and other proper documents of title for, the deposited securities represented by the ADS evidenced by such ADR to the Depositary for delivery at the Corporate Trust Office of the Depositary. Such direction is to be given by letter or, at the request, risk and expense of such owner, by cable, telex or facsimile transmission.

All ADRs surrendered to the Depositary will be cancelled by the Depositary. The Depositary is authorized to destroy ADRs so cancelled.

Record Date

Whenever any cash dividend or other cash distribution becomes payable or any distribution other than cash is to be made, or whenever rights are to be issued with respect to the deposited securities, or whenever for any reason the Depositary causes a change in the number of common shares that are represented by each ADS, the Depositary will fix a record date (which record date, if not the same as the record date determined by us, shall be as close to practicable to the date corresponding to the record date fixed by us in respect of the common shares or other deposited securities) (a) for the determination of the owners of Receipts who shall be entitled to receive such dividend, distribution or rights or the net proceeds of the sale thereof or (b) on or after which each ADS will represent the changed number of common shares, subject to the provisions of the Deposit Agreement. Whenever the Depositary receives notice of any meeting of or solicitation of consents or proxies from holders of common shares or other deposited securities, the Depositary has to fix, after consultation with us, a record date for the determination of owners who are entitled to give instructions for the exercise of voting rights at any such meeting.

Voting Rights

Upon receipt of notice of any meeting of holders of common shares or other deposited securities, if requested in writing by us, the Depositary will, as soon as practicable thereafter, mail to the owners of ADRs a notice, the form of which notice will be in the sole discretion of the Depositary, which will contain:

(a) such information as is contained in such notice of meeting,

(b) a statement that the owners of ADRs as of the close of business on a specified record date will be entitled, subject to any applicable provision of Brazilian law and of our *estatuto* social (bylaws), to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the amount of common shares or other deposited securities represented by their respective ADS and

(c) a statement as to the manner in which such instructions may be given, including an express indication that such instructions may be given or deemed given in accordance with the last sentence of this paragraph if no instruction is received, to the Depositary to give a discretionary proxy to a person designated by us.

Upon the written request of an owner of an ADR on such record date, received on or before the date established by the Depositary for such purpose, or the Instruction Date, the Depositary will endeavour, in so far as practicable and permitted under Brazilian law and our *estatuto* social (bylaws) to vote or cause to be voted the amount of common shares and/or other deposited securities represented by the ADSs evidenced by such ADR in accordance with the instructions set forth in such request. The Depositary will not vote or attempt to exercise the right to vote that attaches to the common shares or other deposited securities, other than in accordance with such instructions or deemed instructions. If no instructions are received by the Depositary from any owner with respect to any of the deposited securities represented by the ADS evidenced by such owner's ADRs on or before the date established by the Depositary for such purpose, the Depositary will deem such owner to have instructed the Depositary to give a discretionary proxy to a person designated by us with respect to such deposited securities and the Depositary will give a discretionary proxy to a person designated by us to vote such deposited securities, provided, that no such instruction will be deemed given and no such discretionary proxy will be given with respect to any matter as to which we inform the Depositary (and we agree to provide such information as promptly as practicable in writing) that (x) we do not wish such proxy given, (y) substantial opposition exists or (z) such matter materially and adversely affects the rights of holders of common shares.

There can be no assurance that owners generally or any owner in particular will receive the notice described in the preceding paragraph sufficiently prior to the Instruction Date to ensure that the Depositary will vote the common shares or deposited securities in accordance with the provisions set forth in the preceding paragraph.

In order to give owners a reasonable opportunity to instruct the Depositary as to the exercise of voting rights relating to deposited securities, if we will request the Depositary to act under Section 4.7 of the Deposit Agreement, we will give the Depositary notice of any such meeting and details concerning the matters to be voted upon not less than 30 days prior to the meeting date.

Owners of ADS will not be entitled to attend shareholders' meetings, but will be entitled to instruct the Depositary in the manner set out above as to the manner of voting the common shares represented by ADSs at any shareholders' meeting.

Reports: Inspection of Transfer Books

We are subject to the periodic reporting requirements of the United States Securities Exchange Act of 1934 and, accordingly, file certain reports with the United States Securities and Exchange Commission ("SEC"). Such reports and communications will be available for inspection and copying through the SEC's EDGAR system or at the public reference facilities maintained by the SEC in Washington, D.C..

The Depositary will make available for inspection by owners of ADRs at its Corporate Trust Office any reports and communications, including any proxy soliciting material, received from us which are both (a) received by the Depositary as the holder of the deposited securities and (b) made generally available to the holders of such deposited securities by us. The Depositary will also, upon written request, as promptly as practicable, send to the owners of ADRs copies of such reports furnished by us pursuant to the Deposit Agreement. Any such reports and communications, including any such proxy soliciting material, furnished to the Depositary by us will be furnished in English, to the extent such materials are required to be translated into English pursuant to any regulation of the SEC applicable to us.

The Depositary keeps books at its Corporate Trust Office for the registration of ADRs and transfers of ADRs which at all reasonable times will be open for inspection by us and the owners of ADRs, provided that such inspection will not be for the purpose of communicating with owners of ADRs in the interest of a business or object other than the business of us or a matter related to the Deposit Agreement or the ADRs.

Liabilities of Owners for Taxes

If any tax or other governmental charge becomes payable by the Custodian or the Depositary with respect to any ADR or any deposited securities represented hereby, such tax or other governmental charge will be payable by the owner hereof to the Depositary. The Depositary may refuse to effect any transfer of an ADR or any withdrawal of deposited securities represented by ADSs evidenced by such ADR until such payment is made, and may withhold any dividends or other distributions, or may sell for the account of the owner hereof any part or all of the deposited securities represented by the ADS evidenced by an ADR, and may apply such dividends or other distributions or the

proceeds of any such sale in payment of such tax or other governmental charge and the owner hereof will remain liable for any deficiency.

Changes Affecting Deposited Securities

In circumstances where the provisions of Section 4.3 of the Deposit Agreement do not apply, upon any change in nominal value, change in par value, split-up, consolidation or any other reclassification of deposited securities, or upon any recapitalization, reorganization, merger or consolidation, or sale of assets affecting us or to which we are a party, any securities received by the Depositary or the Custodian in exchange for or in conversion of or in respect of deposited securities will be treated as new deposited securities under the Deposit Agreement, and ADS will from then on represent, in addition to the existing deposited securities, if any, the new deposited securities so received in exchange or by conversion, unless additional ADRs are delivered pursuant to the following sentence. In any such case the Depositary may, and will if we request, execute and deliver additional ADRs as in the case of a dividend in common shares, or call for the surrender of outstanding ADRs to be exchanged for new ADRs specifically describing such new deposited securities.

Notices and Reports

On or before the first date on which we give notice, by publication or otherwise, of any meeting of holders of common shares or other desposited securities, or of any adjourned meeting of such holders, or of the taking of any action in respect of any cash or other distributions or the offering of any rights, we agree to transmit to the Depositary and the Custodian a copy of the notice thereof in the form given or to be given to holders of common shares or other deposited securities.

We will arrange for the translation into English, to the extent required pursuant to any applicable regulations of the SEC, and the prompt transmittal by us to the Depositary and the Custodian of such notices and any other reports and communications which are made generally available by us to holders of our common shares or other deposited securities. If requested in writing by us, the Depositary will arrange for the mailing of copies of such notices, reports and communications to all owners of ADRs. We will timely provide the Depositary with the quantity of such notices, reports, and communications, as requested by the Depositary from time to time, in order for the Depositary to effect such mailings as promptly as practicable.

Amendment and Termination

The form of the ADRs and any provisions of the Deposit Agreement may at any time and from time to time be amended by agreement between us and the Depositary without the consent of owners and holders in any respect which they may deem necessary or desirable. Any amendment which imposes or increases any fees or charges (other than taxes and other governmental charges, registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or which otherwise prejudices any substantial existing right of owners of ADRs, will, however, not become effective as to outstanding ADRs until the expiration of thirty days after notice of such amendment has been given to the owners of outstanding ADRs. Every owner of an ADR at the time any amendment so becomes effective will be deemed, by continuing to hold such ADR, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the owner of any ADR to surrender such ADR and receive therefor the deposited securities represented thereby, except in order to comply with mandatory provisions of applicable law. Notwithstanding the foregoing, if any governmental body should adopt new laws, rules or regulations which would require an amendment or supplement of the Deposit Agreement to ensure compliance therewith, we and the Depositary may amend or supplement the Deposit Agreement at any time in accordance with such changed laws, rules and regulations. Such amendment or supplement to the Deposit Agreement in such circumstances may become effective before a notice of such amendment or supplement is given to owners or within any other period of time as required for compliance with such laws, rules or regulations.

The Depositary will at any time at our direction terminate the Deposit Agreement by mailing notice of such termination to the owners of all ADRs then outstanding at least 90 days prior to the date fixed in such notice for such termination. The Depositary may likewise terminate the Deposit Agreement by mailing notice of such termination (30 days prior to the date such termination is to take effect) to us and the owners of all ADRs then outstanding if at any time 90 days has expired after the Depositary has delivered to us a written notice of its election to resign and a successor depositary has not been appointed and accepted its appointment as provided in the Deposit

Agreement. On and after the date of termination, the owner of an ADR will, upon (a) surrender of such ADR at the Corporate Trust Office of the Depositary, (b) payment of the fee of the Depositary for the surrender of ADR referred to in Section 2.5 of the Deposit Agreement and (c) payment of any applicable taxes or governmental charges, be entitled to delivery, to him or her or upon his or her order, of the amount of deposited securities represented by the ADSs evidenced by such surrendered ADRs.

If any ADRs remain outstanding after the date of termination, the Depositary thereafter will discontinue the registration of transfers of ADRs, suspend the distribution of dividends to the owners thereof, will not accept deposit of ADSs (and will instruct the Custodian to act accordingly) and will not give any further notices or perform any further acts under the Deposit Agreement, except that the Depositary will continue to collect dividends and other distributions pertaining to deposited securities, will sell rights and other property as provided in the Deposit Agreement, and will continue to deliver deposited securities, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for ADRs surrendered to the Depositary (after deducting, in each case, the fee of the Depositary for the surrender of a ADR, any expenses for the account of the owner of such ADR in accordance with the terms and conditions of the Deposit Agreement and any applicable taxes or governmental charges).

At any time after the expiration of four months from the date of termination, the Depositary may sell at public or private sale the deposited securities then held under the Deposit Agreement and may thereafter hold unsegregated the net proceeds of any such sale, together with any other cash then held by it thereunder, uninvested and without liability for interest, for the pro rata benefit of the owners of ADRs which have not theretofore been surrendered, such owners thereupon becoming general creditors of the Depositary with respect to such net proceeds. After making such sale, the Depositary is discharged from all obligations under the Deposit Agreement, except to account for such net proceeds and other cash (after deducting, in each case, the fee of the Depositary for the surrender of an ADR, any expenses for the account of the owner of such ADR in accordance with the terms and conditions of the Deposit Agreement, and any applicable taxes or governmental charges) and for its obligations under Section 5.8 of the Deposit Agreement. Upon the termination of the Deposit Agreement, we will be discharged from all obligations under the Deposit Agreement except for its obligations to the Depositary under Sections 5.8 and 5.9 of the Deposit Agreement. The obligations of the Depositary under Section 5.8 of the Deposit Agreement will survive the termination of the Deposit Agreement.

Limitations on Obligations and Liabilities to ADR Holders

We assume no obligation nor are we subject to any liability under the Deposit Agreement to any owner or holder of ADRs, except that we agree to perform our obligations specifically set forth in the Deposit Agreement without negligence or bad faith.

The Depositary assumes no obligation nor will it be subject to any liability under the Deposit Agreement to any owner or holder of any ADR (including, without limitation, liability with respect to the validity or worth of the deposited securities), except that it agrees to perform its obligations specifically set forth in the Deposit Agreement without negligence or bad faith.

Neither we nor the Depositary will be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or in respect of the ADRs, which in our reasonable opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense and liability is furnished as often as may be required, and the Custodian will not be under any obligation whatsoever with respect to such proceedings, the responsibility of the Custodian being solely to the Depositary.

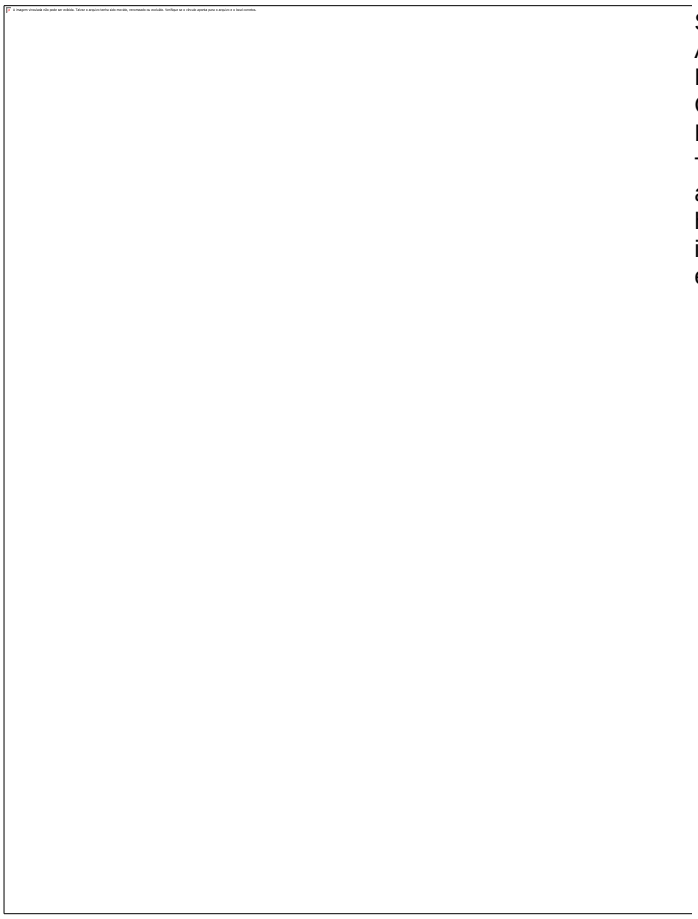
Neither we nor the Depositary will be liable for any action or nonaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting common shares for deposit, any owner or any other person believed by it in good faith to be competent to give such advice or information.

The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with any matter arising wholly after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary.

Neither we nor the Depositary will be liable for the acts or omissions of any securities depository, clearing agency or settlement system in connection with or arising out of book-entry settlement of deposited securities or otherwise.

The Depositary will not be responsible for any failure to carry out any instructions to vote any of the deposited securities, or for the manner in which any such vote is cast or the effect of any such vote, provided that any such action or nonaction is in good faith.

No disclaimer of liability under the Securities Act is intended by any provision of the Deposit Agreement.



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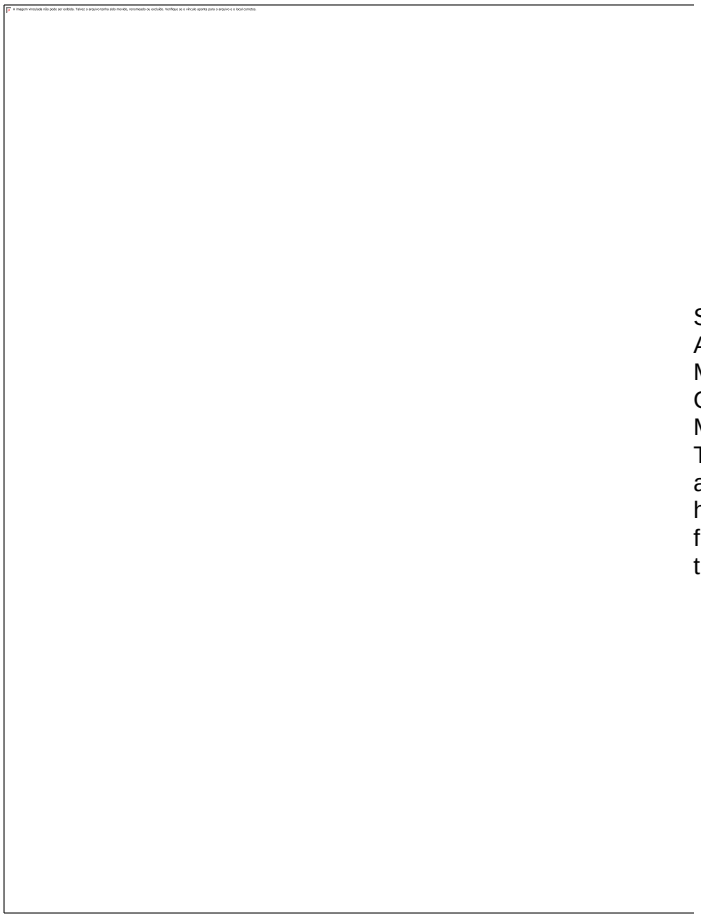
CONCESSION AGREEMENT

01/2024



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CONCESSION AGREEMENT FOR PUBLIC WATER SUPPLY AND SEWAGE SERVICES IN THE MUNICIPALITIES LISTED IN ANNEX I

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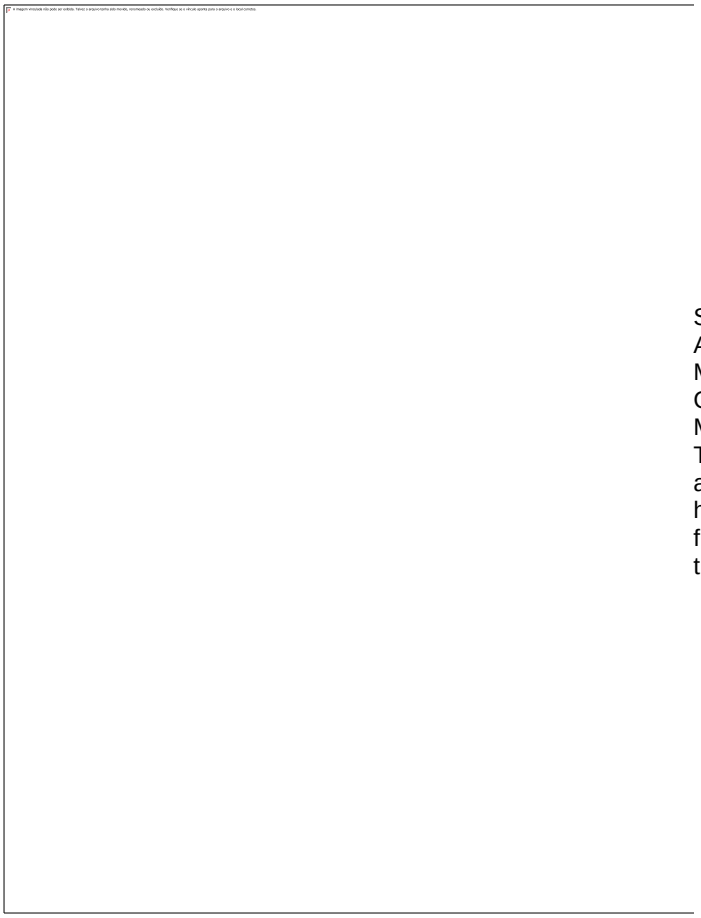

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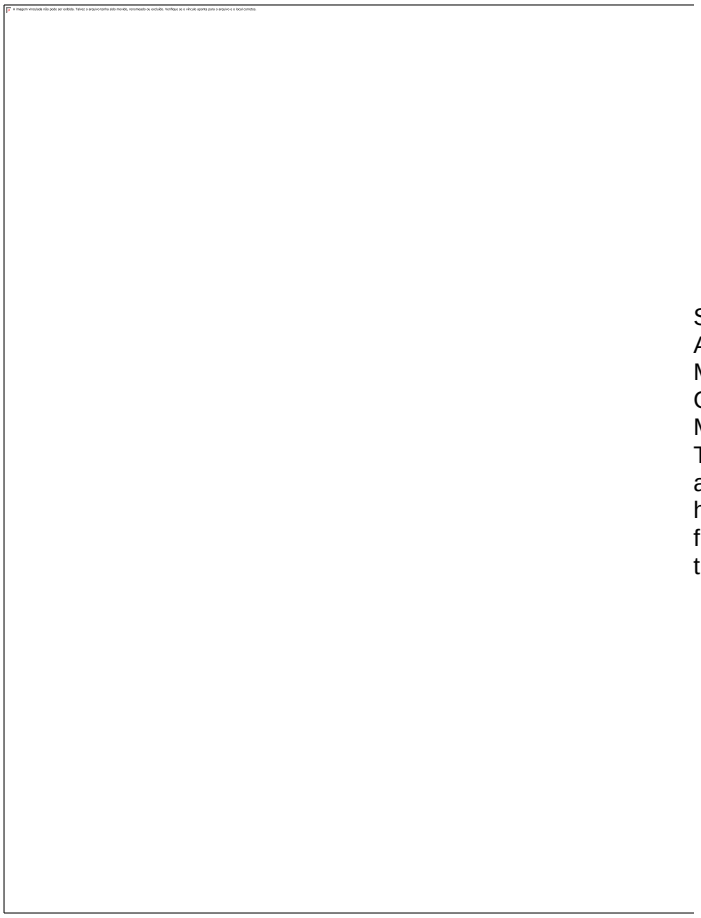

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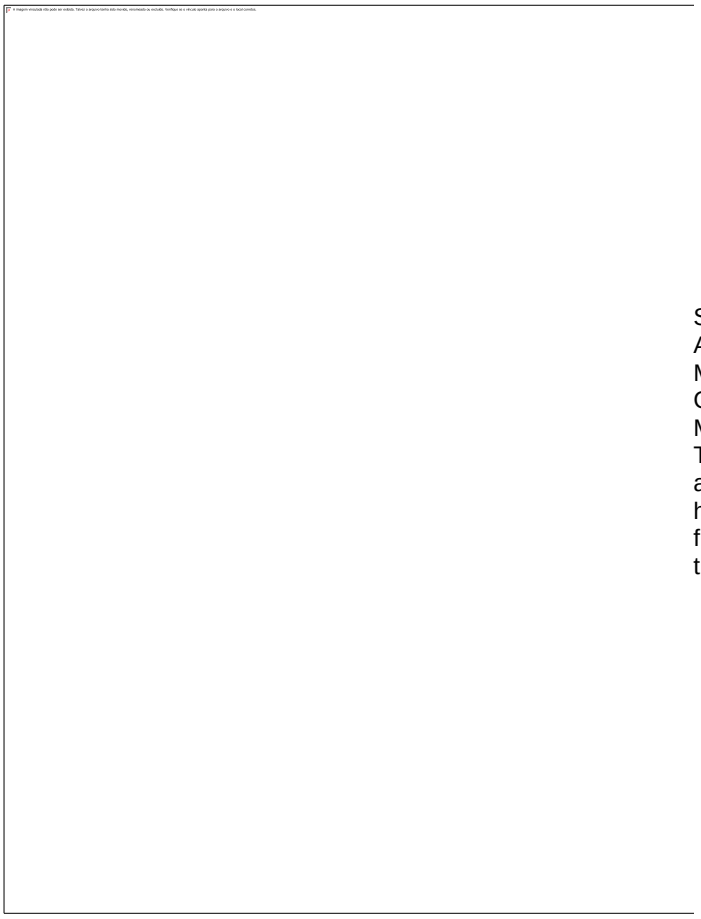

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TITLE I. PARTIES AND PREAMBLE

By means of this instrument, the PARTIES, namely the

(1) REGIONAL UNIT FOR SUPPLY OF DRINKING WATER AND SEWAGE SERVICES – URAE 1 - SOUTHEAST, established by State Law 17,383/2021, as amended, herein represented by Mrs. **NATÁLIA RESENDE A. ÁVILA**, Coordinator of the Deliberative Council of URAE 1;

(2) COMPANHIA DE SANEAMENTO BÁSICO DO ESTADO DE SÃO PAULO, herein represented by its Chief Executive Officer, Mr. **ANDRÉ GUSTAVO SALCEDO TEIXERIA MENDES** and its Regulation and New Business Officer, Mr. **BRUNO MAGALHÃES D**'ABADIA, pursuant to its Bylaws, headquartered at Rua Costa Carvalho, 300, Pinheiros, São Paulo/SP, CEP 05429-900, hereinafter referred to as **SABESP**, and

As Consenting and Intervening Party, the

(3) REGULATORY AGENCY FOR PUBLIC SERVICES OF THE STATE OF SÃO PAULO - ARSESP, established by State Complementary Law 1,025/2007, herein represented by its President Mr. **THIAGO MESQUITA NUNES**, under the terms of article 14, item VI, subitem a, and article 17 of the aforementioned constitution

law, and the convention to be signed with URAE 1- SOUTHEAST, headquartered at Rua Cristiano Viana, 428, Cerqueira César, São Paulo/SP, CEP 05411-902;

CONSIDERING THAT:

(A) the establishing of the Regional Unit for Supply of Drinking Water Supply and Sewage Services 1 – Southeast through State Law 17,383/2021 and its amendments, pursuant to article 3, item VI, subitem "b", of Federal Law 11,445/2007, hereinafter referred to as URAE-1;

(B) the voluntary adherence of the MUNICIPALITIES to URAE-1, under the provisions of State Decree 66,289/2021, as amended by State Decree 67,880/2023, aimed at exercising the joint ownership and regionalized water supply and sanitation services;

(C) the approval by the Deliberative Council of URAE-1, through RESOLUTION CD URAE 1 – SOUTHEAST 03, of May 20, 2024, for ARSESP to be responsible for the regulation and inspection of the SERVICES;

(D) the need to ensure the adequate provision of SERVICES, as well as achieve universalization under Federal Law 11,445/2007, through goals and obligations established in this CONTRACT and its ANNEXES;

(E) that State Law 17,853/2023 authorized the sale of the controlling interest in SABESP, pursuant to article 47, item XV, of the Constitution of the State of São Paulo;

(F) that Federal Law 14,026/2020 provides that the sale of the controlling interest in the state sanitation company gives rise to the substitution and standardization of current contracts by means of replacing the concession agreement, whose new terms were approved by the Deliberative Council of URAE-1 on May 20, 2024;

(G) that this CONTRACT has its effectiveness conditioned to the conclusion of the privatization process of Companhia de Saneamento Básico do Estado de São Paulo - SABESP, under the terms

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authorized by State Law 17,853/2023, through the settlement of the offering and the transfer of SABESP's shares;

(H) which, as a premise for the SABESP privatization process, assumes (i) meeting the universalization goals for the supplying water and sanitation services in all municipalities of the STATE served by SABESP, including rural areas and informal urban centers; (ii) the universalization of water supply and sewage treatment and collection services by December 31, 2029 in the SERVICE AREA, under the terms of the CONTRACT; (iii) tariff reduction, preferably to the most vulnerable population, under the provisions of article 23 of Federal Law 11,445, of January 5, 2007, and article 2, item III and sole paragraph of Law 17,853/2023; (iv) the creation of mechanisms to monitor compliance with the universalization goals, indicating investment needs for the coming years; and (v) providing SERVICES aimed at improving the quality of treated water and reducing its loss, as well as improving the quality of sewage collection and treatment; and

(I) the need to coordinate SERVICES with policies related to urban development, drainage, housing, fight against poverty, social, environmental and health, both state and municipal, reflected in the REGIONAL SANITATION PLAN as an instrument of regional public policy;

The PARTIES resolve, under APPLICABLE LEGISLATION, to sign this CONTRACT for the execution of SERVICES in the SERVICE AREA, formed by the following

Clauses and conditions and the ANNEXES that are an integral part of this document for all legal purposes, as listed below:

- ANNEX I (MUNICIPALITIES SERVED)
- ANNEX II (TECHNICAL ANNEX OF EACH MUNICIPALITY)
- ANNEX III (VIOLATIONS AND PENALTIES)
- ANNEX IV (TARIFFS)
- ANNEX V (REGULATORY MODEL)
- ANNEX VI (PERFORMANCE GUIDELINES FOR THE VALUATION COMPANY AND INDEPENDENT VERIFIER)
- ANNEX VII (U FACTOR, Q FACTOR, AND QUALITY INDICATORS)
- ANNEX VIII (THE INITIAL TARIFF FORMATION)

TITLE II. DEFINITIONS

CHAPTER 1. GLOSSARY

Clause 1. For the purposes of this CONTRACT, the following definitions apply:

(a) ANNEXES: documents that are an integral part of the CONTRACT, listed in Title I;

(b) SERVICE AREA: the area defined in ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY, including contours in urban, rural areas and urban centers, consolidated informal areas and informal areas that can be subject to Urban Land Regularization (Reurb), under the provisions of Federal Law

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13,465/2017, except those considered ineligible, pursuant to ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY, and the respective vegetation growth, which will be served by the CONCESSIONAIRE, in compliance with this CONTRACT;

(c) OPERATIONAL INSTALLATION AREA: properties, public walkways, streets and/or aerial or underground passages, including those located in rural areas, where the equipment and buildings required for the execution of SERVICES are installed;

(d) ANCILLIARY ACTIVITIES: the activities that are not essential for the execution of SERVICES to USERS, but which may be related to the exploitation of SERVICES;

(e) SUPPLEMENTAL ACTIVITIES: auxiliary, supplemental and other activities related to the SERVICES, contracted optionally by USERS and remunerated as OTHER PRICES, whose list has been initially included in ANNEX V – REGULATORY MODEL;

(f) RAB UPDATE: as defined in ANNEX V – REGULATORY MODEL;

(g) REGULATORY IMPACT ASSESSMENT: a regulatory tool that examines and evaluates the likeliness of benefits, costs and effects arising from new or altered regulations, providing decision-makers with important data to assess available options and consequences of their decisions;

(h) SHARED ASSETS: LINKED ASSETS whose operation results in providing SERVICES to more than one MUNICIPALITY served by SABESP;

(i) LINKED ASSETS: the sum of REVERSIBLE ASSETS and NON-REVERSIBLE ASSETS for the purpose of the CONTRACT, as recognized by ARSESP, and that make up the Regulatory Remuneration Base (RRB), including those related to individual solutions implemented by SABESP on the USER's property;

(j) REVERSIBLE ASSETS: refer to LINKED ASSETS relating to the operation and essential for the continuity of SERVICES, including SHARED ASSETS, consisting of the sum of movable and fixed assets assumed, acquired and/or constructed by the CONCESSIONAIRE, and which will revert to the owners of the SERVICES when the CONTRACT is terminated;

(k) NON-REVERSIBLE ASSETS: refer to the LINKED ASSETS that are useful to provide SERVICES, whose functional characteristic consist of being a common good capable of meeting demands for other services after the end of the CONTRACT;

(l) NON-LINKED ASSETS: a set of exclusively private assets belonging to SABESP and not used to provide SERVICES, also not included in the RRB composition;

(m) REGULATORY REMUNERATION BASE (RRB): as defined in ANNEX V – REGULATORY MODEL;

(n) SINGLE REGISTRY (CADÚNICO): a registry maintained by the Federal Government, consisting of low-income families in Brazil;

(o) CERTIFICATION: as defined in ANNEX V – REGULATORY MODEL;

(p) TARIFF CYCLE: as defined in ANNEX V – REGULATORY MODEL;

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(q) AFFILIATED COMPANY: a company subject to significant influence from another company, characterized by holding or exercising the decision-making powers on the financial or operational policies of the investee, without controlling it. Significant influence is presumed when there is ownership of 20% (twenty percent) or more of the voting capital of the investee, without controlling it;

(r) CONCESSIONAIRE: a company who has been delegated the right to operate the SERVICES covered by this CONTRACT;

(s) FREE MOVEMENT ACCOUNT: a bank account owned by SABESP that can be freely moved and burdened by SABESP, under the terms of this CONTRACT and APPENDIX I to ANNEX V – REGULATORY MODEL;

(t) LINKED ACCOUNT 1: as defined in APPENDIX I to ANNEX V – REGULATORY MODEL

(u) LINKED ACCOUNT 2: as defined in APPENDIX I to ANNEX V – REGULATORY MODEL

(v) CONTRACT: this adjustment instrument, including its ANNEXES;

(w) CONTROLLED COMPANY: any legal entity or investment fund whose CONTROL is exercised by another person or investment fund, understood as such the company in which the CONTROLLER, directly or through CONTROLLED COMPANIES, holds shareholder rights that permanently ensure its predominance

in corporate decisions and the power to elect the majority of the CONTROLLED COMPANY's directors, pursuant to article 116 and 243, paragraph 2, of Federal Law 6,404/1976.

(x) CONTROLLER: any person or investment fund that exercises CONTROL over another person or investment fund;

(y) CONTROL: the power held by a person or group of persons bound by a voting agreement or under common control, who, directly or indirectly, solely or jointly, and in compliance with article 116 of Federal Law 6,404/1976: (i) permanently exercise rights that ensure the majority of votes in corporate decisions and elect the majority of directors or management of another person, investment fund or supplementary private pension institution, as applicable; and/or (ii) effectively directs the corporate activities and guides the operation of bodies of another person, investment fund or supplementary pension institution;

(z)CONVENTION: an instrument signed between URAE-1 and ARSESP, based on article 23, paragraph 1, of Federal Law 11,445/2007, to assign ARSESP the activities of regulating and monitoring the SERVICES provided;

(aa) EFFECTIVE DATE: the date on which the transaction for the sale of the controlling interest in SABESP is concluded under State Law 17,853/2023;

(bb) DEPRECIATED REPLACEMENT COST:
as defined in ANNEX V – REGULATORY MODEL;

(cc) VALUATION COMPANY: a legal entity that will certify the INVESTMENTS, pursuant to the REGULATION, in particular ARSESP Resolution 1,488, of January 12, 2024, and its amendments, as well as the terms defined in ANNEX V – REGULATORY MODEL and ANNEX

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VI - PERFORMANCE GUIDELINES FOR THE VALUATION COMPANY AND INDEPENDENT VERIFIER;

(dd) STATE: the São Paulo State;

(ee) DESEQUILIBRIUM EVENT: as defined in ANNEX V – REGULATORY MODEL;

(ff) FAUSP: the Support Fund for Universal Sanitation in the State of São Paulo, created by State Law 17,853/2023, to receive and manage the funds required to carry out basic sanitation actions, including tariff affordability;

(gg) MUNICIPAL FUNDS (FMSB or FMSAI): funds established by the MUNICIPALITIES listed in ANNEX I – MUNICIPALITIES SERVED, pursuant to article 13 of Federal Law 11,445/2007, who are transferred a percentage of the TARIFF REVENUE earned by the CONCESSIONAIRE for providing SERVICES in the respective MUNICIPALITIES, pursuant to the REGULATION and acts that govern the calculation basis for the transfer;

(hh) PERFORMANCE GUARANTEE: a guarantee on the fulfillment of the obligations of the CONTRACT, to be provided and maintained in force, by SABESP, in favor of ARSESP, in the amounts and under the terms defined in the CONTRACT;

(ii) INDICATORS AND GOALS FOR COVERAGE AND LOSSES: a set of parameters that measure compliance with universalization goals and water loss, as established

in ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY and ANNEX VII – U FACTOR, Q FACTOR AND QUALITY INDICATORS,
whose results may impact the value of the TARIFF and will contribute to defining the Q Factor and the U Factor;

(jj) INVESTEES: legal entities in which SABESP owns a majority or minority shareholding, and which carry out activities related or of a different nature to the SERVICES;

(kk) INVESTMENTS: a set of investments, including MANDATORY INVESTMENTS and those implemented by SABESP to meet the INDICATORS AND GOALS FOR COVERAGE AND LOSSES;

(ll) MANDATORY INVESTMENTS: the investments defined in ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY obligated to be carried out by SABESP and linked to compliance with the INDICATORS AND GOALS FOR COVERAGE AND LOSSES, subject to alterations arising from the review of the CONTRACT;

(mm) ASSET VALUATION REPORT: as defined in ANNEX V – REGULATORY MODEL;

(nn) APPLICABLE LEGISLATION: notwithstanding other applicable legal and regulatory provisions, the Federal Constitution; the State Constitution; Decree-Law 4,657, of September 4, 1942 (Introduction Law to the Rules of the Brazilian Law); Federal Law 13,709, of August 14, 2018; Federal Law 13,460, of June 26, 2017; Federal Law 14,133, of April 1, 2021; Federal Law 8,987, of February 13, 1995; Federal Law 9,074, of July 7, 1995; Federal Law 11,445, of January 5, 2007; Federal Law 14,026/2020; Federal Law 13,089, of January 12, 2015; Federal Law 6,404, of December 15, 1976; Federal Law 6,385, of December 7, 1976; State Law 7,835, of May 8, 1992; State Law 10,177, of December 30, 1998; State Complementary Law 1,025, of December 7, 2007; State Law 17,383, of July 5, 2021; State Law 17,853/2023; State Decree 41,446, of December 16, 1996, as amended and applicable; State Decree 52,455, of December 7, 2007; State Decree 66,289, of December 2, 2021; and State Decree 67,880, of August 15, 2023;

(oo) LGPD or the GENERAL DATA PROTECTION LAW: Federal Law 13,709/2018, as amended;

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(pp) MUNICIPALITY(IES): municipal entities that are part of URAE-1, served by SABESP and listed in ANNEX I – MUNICIPALITIES SERVED;

(qq) OTHER PRICES: prices of SUPPLEMENTAL ACTIVITIES;

(rr) RELATED PARTY: any CONTROLLING COMPANY, AFFILIATED COMPANY or CONTROLLED COMPANY in relation to SABESP, as well as those considered as such by current accounting standards;

(ss) PARTIES: jointly, URAE-1 and SABESP;

(tt) REFERENCE PERIOD: as defined in ANNEX V – REGULATORY MODEL;

(uu) COMPLIANCE AND INTEGRITY PLAN: a document to be elaborated by SABESP informing the integrity mechanisms to be adopted for the execution of the SERVICES;

(vv) DATA PROTECTION PLAN: a document to be elaborated by SABESP, pursuant to Clause 4, informing the guidelines to be adopted for the storage, management and treatment of USERS' personal data, in compliance with current legislation, the REGULATION and this CONTRACT;

(ww) REGIONAL SANITATION PLAN: document for planning and executing SERVICES within the scope of the SERVICE AREA, pursuant to article 17,

paragraph 3, of Federal Law 11,445/2007, and the provisions of article 19 of Federal Law 14,026/2020;

(xx) GRANTING AUTHORITY: the STATE and MUNICIPALITIES part of URAE-1, in the joint exercise of ownership of the SERVICES contained in this CONTRACT, as provided by article 8 of Federal Law 11,445/2007;

(yy) REGIONALIZED SERVICES: the SERVICES provided within the scope of URAE-1;

(zz) PRIVATIZATION PROCESS: the public offering of SABESP's shares conducted by the STATE for the sale of its equity interest, authorized by State Law 17,853/2023;

(aaa) ASSOCIATED PROJECTS: those not essential for the SERVICES provided to USERS and not related, even indirectly, to the exploitation of SERVICES, in which the revenue sharing arising from these project are subject to the rules foreseen for ADDITIONAL REVENUE;

(bbb) ADJUSTMENT: as defined in ANNEX V – REGULATORY MODEL;

(ccc) ADDITIONAL REVENUE: the revenue arising from ANCILLARY ACTIVITIES;

(ddd) SUPPLEMENTAL REVENUE: the revenue resulting from the application of OTHER PRICES when carrying out SUPPLEMENTAL ACTIVITIES;

(eee) REQUIRED REVENUE: as defined in ANNEX V – REGULATORY

MODEL;

(fff) TARIFF REVENUE: as defined in ANNEX V – REGULATORY MODEL;

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(ggg) REGULATION: activities carried out by the REGULATORY AGENCY FOR PUBLIC SERVICES OF THE STATE OF SÃO PAULO – ARSESP, in particular: (i) final decisions in the administrative sphere on aspects related to the CONTRACT, under APPLICABLE LEGISLATION and the CONTRACT; and (ii) elaboration of normative technical, economic and social matters, as supplementary to APPLICABLE LEGISLATION and the rules that govern the CONTRACT;

(hhh) REGULATION OF SERVICES: refers to ARSESP Resolution 106/2009, as amended, as well as other ARSESP regulations that address these SERVICES;

(xx) REPRESENTATIVE OF THE GRANTING AUTHORITY: the Regional Unit for Supply of Drinking Water and Sanitation Services (URAE 1), through its Internal Regiment act as representative of the group of federative entities qualified as the GRANTING AUTHORITY;

(jjj) REVERSAL: the transfer REVERSALBE ASSETS to the holders of the SERVICES upon termination of the CONTRACT, pursuant to the REGULATION and CURRENT LEGISLATION;

(kkk) EXTRAORDINARY REVISION: as defined in ANNEX V – REGULATORY MODEL;

(lll) PERIODIC TARIFF REVISION: as defined in ANNEX V – REGULATORY MODEL;

(mmm) SERVICES: supply of public water and sanitation services in the SERVICE AREA, including the activities mentioned in paragraph of Clause 2 of this CONTRACT;

(nnn) ADEQUATE SERVICE: a service that meets the standards of regularity, continuousness, efficiency, safety, timeliness, generality and courteousness, in addition to affordable TARIFFS, under the terms of the CONTRACT, REGULATION and APPLICABLE LEGISLATION, in particular the provisions established in article 40 of Federal Law 11,445, of January 5, 2007, which defines the conditions in which services can be interrupted;

(ooo) SYSTEMS: a set of assets, installations, equipment, machines, devices, buildings and accessories that are part of the collective water and sewage systems, which are the purpose of the CONTRACT and required to provide the SERVICES, including the collection systems, distribution systems, production systems and treatment systems that make up the LINKED ASSETS, which will be reverted to the STATE and/or MUNICIPALITIES upon termination of the CONTRACT;

(ppp) INDIVIDUAL SOLUTION SYSTEM FOR SUPPLY OF DRINKING WATER AND/OR SEWAGE: any and all suitable alternative basic sanitation solutions that serve only one consumption unit.

(qqq) TARIFFS: as defined in ANNEX V – REGULATORY MODEL;

(rrr) APPLICATION TARIFF: as defined in ANNEX V – REGULATORY

MODEL;

(sss) EQUILIBRIUM TARIFF: as defined in ANNEX V – REGULATORY

MODEL;

(ttt) SOCIAL TARIFF: a benefit granted to eligible USERS in the "social residential" and "vulnerable residential" categories established in ANNEX IV – TARIFF ANNEX, based on the CADÚNICO registry and in accordance with ARSESP regulations;

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(uuu) UNIVERSALIZATION: as defined in the terms and conditions of ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY, the gradual and progressive promotion of SERVICES to USERS located in occupied residences within the SERVICE AREA foreseen in the CONTRACT;

(vvv) URAE-1: the Regional Unit for Supply of Drinking Water Supply and Sewage Services, established through by State Law 17,383/2021, as amended, acting as the REPRESENTATIVE OF THE GRANTING AUTHORITY;

(www) USERS: all individuals and legal entities located in the SERVICE AREA who are served, or will be served, by the SERVICES provided by SABESP; and

(xxx) INDEPENDENT VERIFIER: a company specialized in verifying compliance with the INDICATORS AND GOALS FOR COVERAGE AND LOSSES established in ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY, in ANNEX VII – U FACTOR, Q FACTOR AND QUALITY INDICATORS, and in
ANNEX VI – PERFORMANCE GUIDELINES FOR THE VALUATION COMPANY AND INDEPENDENT VERIFIER.

TITLE III. PURPOSE, APPLICABLE LEGISLATION, AND INTERPRETATION

CHAPTER 2. PURPOSE

Clause 2. By this instrument, URAE-1 guarantees SABESP the right to explore the provision of SERVICES exclusively in the SERVICE AREA, under the REGIONALIZED SERVICE regime and structure and during the term of this CONTRACT.

Paragraph 1. The SERVICES referred to in the caput of this Clause include, entirely or partially, the following activities:

(a) reservation, collection, supply and treatment of raw water;

(b) supply, storage and distribution of treated water;

(c) collection, removal, transportation, treatment and final disposal of sewage and sludge originating from the operation of environmentally appropriate collection units or individual treatment units, including septic tanks.

Paragraph 2. This CONTRACT is intended to ensure the universalization of SERVICES, by December 31, 2029, in the SERVICE AREA.

Paragraph 3. ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY establishes the areas to be served by SABESP, and SERVICES must be provided under the provisions of this CONTRACT and the REGIONAL SANITATION PLAN.

Paragraph 4. Terms of the REGIONAL SANITATION PLAN:

(a) must be approved by the Deliberative Council of URAE-1, with revisions and updates appreciated by ARSESP during the PERIODIC TARIFF REVISIONS, including to reflect the possible entry or exit of MUNICIPALITIES from URAE-1;

(b) must identify the gradual and progressive steps towards achieving the universalization goals of the SERVICES, in agreement with the criteria and limits established by current legislation and in this CONTRACT; and

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(c) must be fully complied by ARSESP, URAE-1 and SABESP, ensuring the economic and financial balance of the CONTRACT in the event of changes and updates, under the terms of this CONTRACT, the ANNEXES and the REGULATION.

Paragraph 5. The SERVICE AREA described in ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY
may be changed in the following situations:

(a) due to PERIODIC TARIFF REVISIONS, to reflect:

i. changes in the list of municipalities contained in ANNEX I – MUNICIPALITIES SERVED, in compliance with APPLICABLE LEGISLATION; or

ii. changes in the SERVICE AREA, also due to the alterations in geographical boundaries of rural and urban areas established in ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY;

(b) due to an EXTRAORDINARY REVISION, exclusively in cases where:

i. it is not possible to wait for the TARIFF CYCLE to be concluded nor and the following PERIODIC TARIFF

REVISION, in the situations provided for in ANNEX V – REGULATORY MODEL; and

ii. changes to the list contained in Annex I – MUNICIPALITIES SERVED, under APPLICABLE LEGISLATION, impacts the economic-financial balance of the services, making it necessary to change the terms and conditions applicable to the MANDATORY INVESTMENTS or the INDICATORS AND GOALS FOR COVERAGE AND LOSSES of URAE-1 in its entirety and its territorial divisions.

Paragraph 6. Changes to the SERVICE AREA shall be formalized by means of an amendment to this CONTRACT, with the inclusion or exclusion of the corresponding information in ANNEX I – MUNICIPALITIES SERVED and in ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY.

Paragraph 7. The SERVICES must be provided in compliance with the specifications contained in this CONTRACT and its ANNEXES, as well as legislation in force at the time of its execution, all complementary standards and regulations, and under the operational procedures established by ARSESP, within the scope of the REGULATION.

Paragraph 8. SABESP, at its own risk, may contract third parties to carry out activities that are part of the SERVICES.

Paragraph 9. The SERVICES provided must comply with the provisions of the SERVICE REGULATION, as amended.

Paragraph 10. Until changes occur to the SERVICE REGULATION, the PARTIES and ARSESP must observe the following terms for SERVICES to USERS located in rural areas:

(a) The conditions for providing SERVICES by SABESP in rural areas must comply with the terms of this CONTRACT;

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(b) The provision of SUPPLEMENTAL ACTIVITIES in rural areas, other than those established in ARSESP Resolution 790/2018, must be approved by ARSESP; and

(c) The provisions contained in the SERVICE REGULATION, which are not specific to USERS located in urban areas, shall apply to USERS located in rural areas.

CHAPTER 3. APPLICABLE RULES AND LEGAL FRAMEWORK

Chapter 3. This CONTRACT shall be governed by its provisions and its ANNEXES, as well as APPLICABLE LEGISLATION and the REGULATION.

Paragraph 1. The legal regime of this CONTRACT gives the GRANTING AUTHORITY, through URAE-1, the prerogatives of:

(a) the unilateral right to make changes aimed at better adapting it for the purposes of public interest, maintaining the economic and financial balance of the CONTRACT; and

(b) promote its extinction under the situations and forms provided for in this CONTRACT.

Paragraph 2. The SERVICES must be carried out in compliance with current environmental standards, the terms of this CONTRACT and its risk

allocation, as well as the provisions of APPLICABLE LEGISLATION, in particular Federal Law 11,445/2007, aiming to progressively achieve the standards established by environmental legislation and the REGIONAL BASIC SANITATION PLAN, based on the initial service and coverage levels established in ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY, and with the achievement of the UNIVERSALIZATION goals defined in this CONTRACT.

Paragraph 3. In the event of discrepancies between the provisions of the CONTRACT and the ANNEXES, the provisions set forth in the CONTRACT shall prevail, with the exception of ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY and ANNEX V – REGULATORY MODEL, which, in what they expressly establish, shall prevail over the CONTRACT and the remaining ANNEXES.

Paragraph 4. In the event of any discrepancies between the provisions of ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY and ANNEX V – REGULATORY MODEL, the provisions of ANNEX V – REGULATORY MODEL shall prevail, except for the MANDATORY INVESTMENTS and the INDICATORS AND GOALS FOR COVERAGE AND LOSSES established in ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY.

Paragraph 5. The contractual provisions are understood to:

(a) Maintain coherence with the socioeconomic function of the CONTRACT, to the detriment of the literal meaning of the language;

(b) Prioritize the search for an equitable result for the PARTIES from an economic and financial point of view;

(c) Observe the regulatory model contained in ANNEX V – REGULATORY MODEL and the initial risk allocation;

(d) Value the context in which the CONTRACT was signed and the purposes sought by the PARTIES;

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(e) Consider the set of contractual provisions, rather than the sole interpretation of specific Clauses; and

(f) Prioritize objective good faith and the spirit of collaboration between PARTIES.

TITLE IV. RIGHTS AND OBLIGATIONS

CHAPTER 4. USER RIGHTS AND DUTIES

Clause 4. The USERS of the water supply and sewage system that is implemented, operated and maintained by SABESP in the SERVICE AREA had the rights and duties, in addition to those already established or to be established by APPLICABLE LEGISLATION, in the REGULATION and in the following paragraphs, notwithstanding the provisions of the SERVICE REGULATION:

(a) have their property connected to the SYSTEMS and receive ADEQUATE SERVICE and, as applicable, right to the treatment established in Clause 19;

(b) pay the APPLICATION TARIFFS charged by SABESP for the SERVICES in a timely manner, as well as OTHER PRICES arising from SUPPLEMENTAL ACTIVITIES, subject to the consequences established in current legislation and in the REGULATION in the event of default;

(c) pay SABESP the amounts due arising from the late payment of the TARIFF;

(d) be informed, in advance, regarding changes in the valuesof the APPLICATION FEES and OTHER PRICES charged arising from SUPPLEMENTAL ACTIVITIES;

(e) receive permanent and appropriate information about the SERVICES and their efficient use aimed at reducing loss;

(f) have their requests and complaints made to SABESP answered according to the form and deadlines established by the REGULATION;

(g) have customer services available 24 hours a day, by means of telephone services, digital applications for mobile phones, and websites, for emergency occurrences, notwithstanding other means of communication established in the REGULATION;

(h) be informed, as applicable, when their conversations with the attendant will be recorded;

(i) receive the protocol or service order number, along with the deadlines for the services requested;

(j) be informed, pursuant to the SERVICE REGULATION, about the measures adopted for their requests, consultations, information or complaints;

(k) be able to choose one of the dates made available by SABESP for the invoice due date, pursuant to the SERVICE REGULATION;

(l) receive the invoice within the minimum days in advance of the due date, as established in the SERVICE REGULATION;

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(m) be informed regarding overdue and unpaid invoices, and the consequences of recurring lack of payment, such as suspension in the supply of services, pursuant to the SERVICES REGULATION;

(n) receive, expressly in invoices, information about APPLICATION TARIFFS and OTHER PRICES charged, including existing programs and discounts, notwithstanding information provided through communication vehicles, as established in the REGULATION;

(o) consult SABESP, prior to installing internal pipes, where water distribution and sewage collection points are located;

(p) authorize SABESP employees, duly accredited and identified as established in CURRENT LEGISLATION and the REGULATION, to enter the properties under their ownership so that equipment can be installed or needed repairs can be made for SERVICES to be regularly provided;

(q) maintain water tanks, pipes and connections always clean and in adequate conservation and hygienic conditions;

(r) not tamper with or damage SABESP's equipment, in particular water meters, water easels and the measuring box;

(s) check for any water leaks inside the property and repairing them immediately;

(t) not discharge sewage into the rainwater network or rainwater into the sewage network;

(u) maintain their registration information updated with SABESP and immediately inform any changes to their data;

(v) directly inform SABESP their right to the SOCIAL TARIFF, by means of the official document issued by CADÚNICO, if their social status classifies them as an eligible user and they are not listed in the current annual list published by SABESP;

(w) receive, from URAE-1, SABESP and ARSESP, all information necessary for the defense of individual and collective interests, under the terms provided by Federal Law 12,527/2011 and its regulations;

(x) receive, from SABESP, the necessary information about having access and using the SERVICES, which must be made available, and in accessible language, in the adhesion contract and on the SABESP website;

(y) have access to the user manual, which must be available, and in accessible language, at SABESP's service agencies and on its website;

(z) report to the ombudsman office provided by ARSESP or SABESP any illegal or irregular acts committed by SABESP, its employees, subcontractors, suppliers or third parties when executing the SERVICES;

(aa) contribute in maintaining the facilities, infrastructure and LINKED ASSETS under good conditions, which are used to provide the SERVICES;

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(bb) make use of structures adapted for people with special needs and reduced mobility, including the elderly, at all SABESP's service agencies, under the terms provided for in current legislation;

(cc) respond, under provisions set forth by law, to SABESP for material or personal damage caused due to the misuse of its facilities, infrastructure and equipment;

(dd) maintain their property(ies) permanently connected to SABESP's networks or alternative individual or collective solutions, being responsible for its integrity;

(ee) receive equal treatment, in which any type of discrimination is prohibited;

(ff) have adequate protection and treatment of their personal data, in compliance with the terms of Federal Law 13,709/2018, and paragraphs 3 to 20 of this Clause 4;

(gg) collaborate with the adequate provision of SERVICES;

(hh) provide information relating to the SERVICES, when requested by SABESP, ARSESP or URAE-1; and

(ii) obtain accurate information, which must be easily accessed, located, and available in accessible language, on all of SABESP's communication

channels, through active transparency and disclosure measures regarding relevant data for the SERVICES.

Paragraph 1. Any omissions or doubts arising from the relationship with USERS, due to the application of the conditions set out in this CONTRACT, shall be resolved by ARSESP.

Paragraph 2. SABESP must comply with State Law 10,294/1999, amended by State Law 12,806/2008, which establishes the terms for the protection and defense of users of public services in the State of São Paulo, also ensuring compliance with the basic protection and defense standards for said USERS, as well as Federal Law 13,460/2017, which provides for the participation, protection and defense of the rights of users of public services provided by Public Administration.

Paragraph 3. When executing the purpose of this CONTRACT, SABESP shall be classified, under the LGPD, as the controller or operator of personal data, depending if the treatment of personal data falls within the provisions of item VI or item VII of article 5 of Federal Law 13,709/2018, respectively, and must also comply with Federal Law 13,709/2018, observing, but not limited to, the obligations and guidelines of this CONTRACT, the REGULATION and the DATA PROTECTION PLAN.

(a) As the entity responsible for the USERS' personal data, SABESP must elaborate, within 6 (six) months from the EFFECTIVE DATE, the DATA PROTECTION PLAN to be approved by ARSESP.

Paragraph 4. Personal data must be maintained by SABESP in a format that is structured and ensures interoperability, making it available to the holders of personal data upon request on the provided website, and the holders of personal data shall be guaranteed:

(a) Easy and free consultation regarding the form and duration of the treatment of their personal data, as well as its integrity;

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(b) Accuracy, clarity, relevance and updating of personal data, as required to fulfill the purpose for its treatment, and being entitled to request the correction of incomplete, inaccurate or outdated data, and request anonymity, blocking or elimination of unnecessary and excessive data or data that is not treatment in compliance with the purpose of this CONTRACT and with Federal Law 13,709/2018; and

(c) Obtain clear, precise and easily accessible information about the treatment of their personal data and the respective treatment agents, observing commercial and industrial secrecy.

Paragraph 5. SABESP is obligated to train and prepare its employees so that personal data is treated appropriately, through a training and awareness plan.

Paragraph 6. SABESP employees who handle the treatment of personal data must sign confidentiality, secrecy and usage terms.

Paragraph 7. The DATA PROTECTION PLAN elaborated by SABESP must observe, at least, the following parameters:

(a) provide specifications on which personal data SABESP can and/or must process, indicating the purpose for this treatment, under the terms of article 6, item I, of Law 13,709/2018;

(b) describe how the treatment of personal data is carried out by SABESP, specifying the respective operations involved, processes and scope, including but not limited to the indication of when the information can be shared and under what conditions, under the terms of article 7 of Law 13,709/2018;

(c) describe how the holders of personal data will be served when they choose to exercise the rights provided for by Law 13,709/2018;

(d) map and describe the risks, measures, safeguards and mitigation mechanisms adopted, jointly with SABESP's governance and compliance rules; and

(e) provide a safety plan for the disposal of data and information for when the treatment of personal data ends, except when such data and information must be kept due to legal, regulatory or contractual obligations.

Paragraph 8. Within 30 (thirty) days of receipt, ARSESP shall verify if the DATA PROTECTION PLAN elaborated by SABESP contains all the information required in paragraph 7.

(a) Within this period, ARSESP will notify SABESP on the inadmissibility of the DATA PROTECTION PLAN, by means of a communication containing such reason due to lack of information required for its assessment.

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(b) In the event SABESP receives a notification informing of said inadmissibility, it must resubmit the DATA PROTECTION PLAN to ARSESP within 15 (fifteen) days, which will undergo a new admissibility stage.

(c) If the DATA PROTECTION PLAN is admissible, ARSESP must assess its content within 30 (thirty) days.

Paragraph 9. The assessment by ARSESP must follow the obligations set forth in the CONTRACT and the REGULATION, in addition to Law 13,709/2018, concluding if the plan complies with contractual or legal provisions and, in the event of non-compliance, it will decide if the plan will be rejected or if it will need to undergo changes.

(a) Until the DATA PROTECTION PLAN presented by SABESP is approved by ARSESP, the procedure currently applied by SABESP will remain in force.

Paragraph 10. SABESP is obligated to indicate the person in charge and is allowed to hire a third party to perform the functions.

Paragraph 11. In the event changes are made to the DATA PROTECTION PLAN, SABESP must notify ARSESP in advance so it can analyze the feasibility of the intended changes, under the procedure established in paragraph 8.

(a) If changes are made to the DATA PROTECTION PLAN, the holders of personal data must be notified by means of publication on the website referred to in paragraph 4.

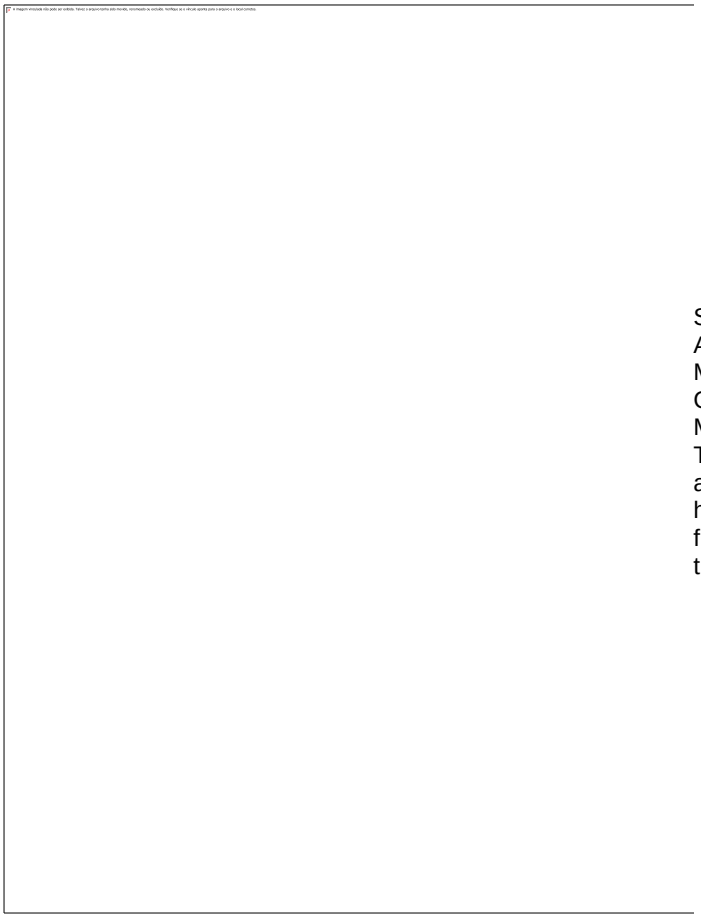
Paragraph 12. SABESP is responsible for any damage caused to URAE-1, ARSESP, the STATE, the MUNICIPALITIES and the holders of personal data arising from the treatment of personal data that is in disagreement with Law 13,709/2018, this CONTRACT, the REGULATION, the parameters contained in the DATA PROTECTION PLAN, or for purposes that are not related to the purpose of the concession.

Paragraph 13. SABESP is prohibited from transferring and/or sharing personal data with third parties to which it has access due to this CONTRACT, except when this is required for the execution of the CONTRACT.

(a) If the transfer and/or sharing of personal data with third parties is needed for the execution of the CONTRACT, SABESP must request prior consent from ARSESP, in addition to informing the holders of the personal data.

Paragraph 14. SABESP is responsible for preparing, when needed, a report on the impact to the protection of personal data established in Law 13,709/2018, as well as to comply with any other applicable legal obligations relating to the protection of personal data.

Paragraph 15. Considering the principles set forth in the caput of article 6 of Law 13,709/2018, SABESP must adopt technical and administrative security measures that are capable of protecting personal data and information from unauthorized access and accidental or unlawful situations of destruction, loss, changes, communication or any form of inadequate or unlawful treatment.



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Paragraph 16. SABESP must immediately notify ARSESP if a security breach related to personal data occurs, also informing mitigation and repair measures taken.

Paragraph 17. SABESP must make available to ARSESP and URAE-1, upon requested, all information related to the execution of the object of this CONTRACT that is required for ARSESP or URAE-1 to comply with the obligations established in Law 13,709/2018.

Paragraph 18. The transferring personal data is prohibited, by SABESP, outside the Brazilian territory in disagreement with the security and protection requirements of the LGPD, without prior consent, in writing, from ARSESP, and SABESP must demonstrate the adequate protection of these personal data, subject to compliance with all data protection and privacy legislation of other country(s), as applicable.

Paragraph 19. At the end of the term of this CONTRACT, the personal data to which SABESP has gained access, including any copies of personal data treated outside the scope of this CONTRACT, shall be made entirely and immediately available to ARSESP or URAE-1 or, if duly justified, within up to 30 (thirty) days after its termination and SABESP cannot remain, under any circumstances, in power of these personal data, submitting a written statement, to ARSESP, confirming fulfillment with this obligation.

Paragraph 20. The possible use of personal data for the exploration of SUPPLEMENTAL ACTIVITIES or ANCILLARY ACTIVITIES, even if this does not cause a burden, is subject to prior approval and must not be denied by ARSESP.

CHAPTER 5. RIGHTS AND OBLIGATIONS OF ARSESP, URAE-1, THE STATE, AND THE MUNICIPALITIES

SECTION 1 RIGHTS AND OBLIGATIONS OF ARSESP

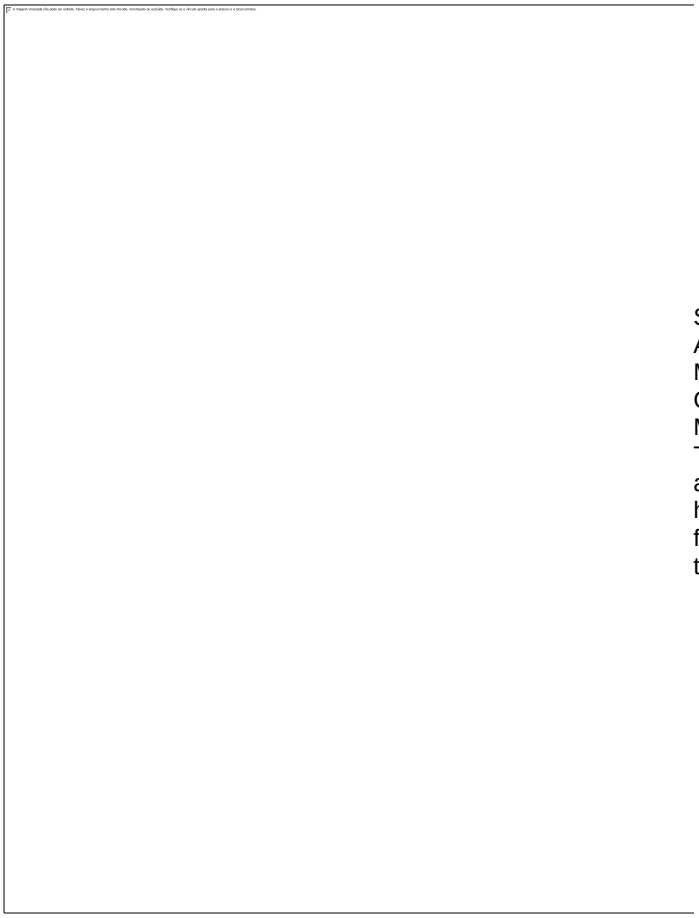
Clause 5. ARSESP, notwithstanding other rights and obligations established in this CONTRACT, in APPLICABLE LEGISLATION and the REGULATION, for the purpose of the activities arising from the SERVICES, has the following rights and obligations, aimed at ensuring the application of the terms of the CONTRACT and its ANNEXES:

(a) stimulating the efficiency of SERVICES;

(b) making, not excluding SABESP's responsibility, its best efforts to collaborate in obtaining the necessary licenses and authorizations for SABESP, so that it can comply with the purpose of this CONTRACT, including providing any institutional support that may be necessary;

(c) inspecting compliance with standards and regulations relating to the execution of the purpose of the CONTRACT;

(d) inspecting the execution of SERVICES, ensuring their good quality and preserving their rights and the rights of SABESP and URAE-1, including receiving and investigating complaints and claims from USERS and third parties affected by the SERVICES, in addition to applying, as applicable, the appropriate measures, notwithstanding other prerogatives relating to regulation, inspection and the monitoring established in the terms and conditions of the CONTRACT, in APPLICABLE LEGISLATION and the REGULATION;



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(e) carrying out periodic inspections of SABESP's accounts and records, including compliance with accounting, economic and financial obligations, to prevent the occurrence of situations that may compromise the provision of SERVICES, and may be assisted by a specialized auditing firm;

(f) having access to the facilities used by SABESP for routine inspection of SERVICES;

(g) inspecting the conduct, by SABESP, of processes for expropriation, temporary occupations or easements, including lawsuits and agreements signed for this purpose;

(h) duly substantiating its decisions, authorizations, approvals, requests or other acts performed under this CONTRACT;

(i) monitoring the quality and performance of SABESP in providing SERVICES, including through an annual USER satisfaction survey;

(j) determining and inspecting the execution and implementation of INVESTMENTS by SABESP, as well as compliance with INDICATORS AND GOALS FOR COVERAGE AND LOSSES, under the terms established in the CONTRACT;

(k) ensuring the preservation of the economic and financial balance of the CONTRACT, pursuant to ANNEX V – REGULATORY MODEL;

(l) applying legal and regulatory penalties, as provided for in the CONTRACT, the REGULATION and its ANNEXES;

(m) periodically inspecting the conservation status of the LINKED ASSETS to the provision of SERVICES;

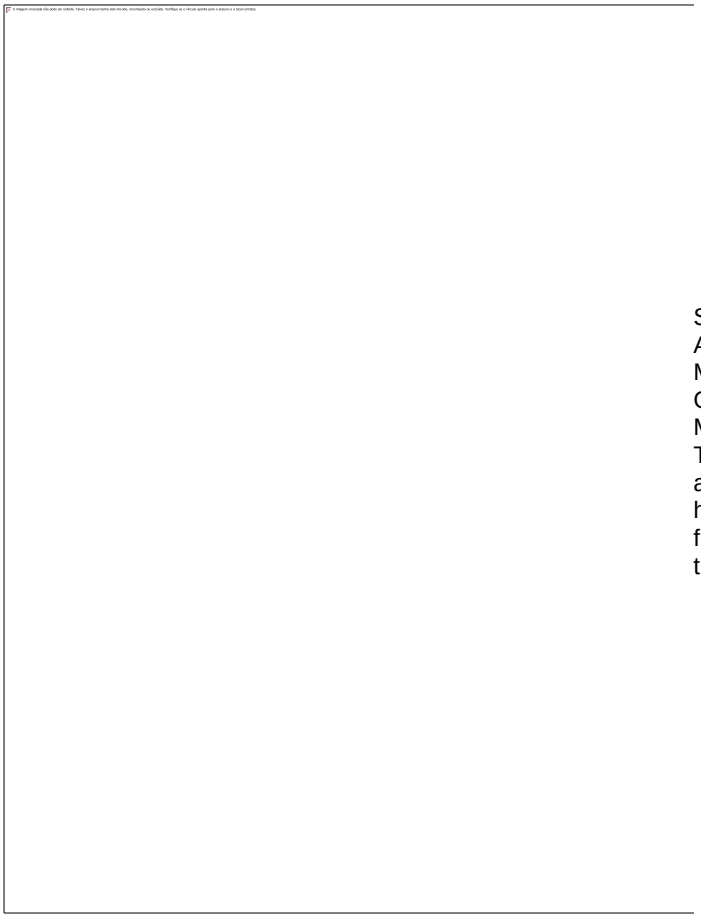
(n) notifying SABESP, setting a deadline for it to correct defects or irregularities identified in the execution of works and SERVICES, regardless if corresponding administrative sanctioning process have been initiated, pursuant to ANNEX III – VIOLATIONS AND PENALTIES;

(o) conducting PERIODIC TARIFF REVISIONS, as well as other activities under its responsibility, in addition to conducting EXTRAORDINARY REVISIONS for the situations established in this CONTRACT, fully observing the provisions of ANNEX V – REGULATORY MODEL to achieve this purpose;

(p) notifying SABESP, in writing, regarding the application of any penalty, after regular administrative proceedings, ensuring the right to defense under the terms of this CONTRACT and the REGULATION;

(q) formally indicating SABESP the team(s) capable of supervising the SERVICES;

(r) collaborating, within the limits of its institutional attributions, with SABESP's financing entities by providing information and clarifications that contribute with the financing feasibility of the INVESTMENTS, thus enabling the full execution the CONTRACT's purpose;



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(s) defining, in the PERIODIC TARIFF REVISIONS and, exceptionally, in the EXTRAORDINARY REVISIONS, the value of the EQUILIBRIUM TARIFF applicable to the following TARIFF CYCLE,
as well as its distribution among the many USER categories, in compliance with the rules established in this CONTRACT and its ANNEXES and, subsidiarily, in the REGULATION;

(t) promoting annual TARIFF ADJUSTMENTS, under the criteria and deadlines established in the CONTRACT and its ANNEXES;

(u) providing to SABESP, at most once a year until the ADJUSTMENT or PERIODIC TARIFF REVISION occurs, an updated list of USERS eligible for the SOCIAL TARIFF, until a decision has been made by ARSESP on the matter;

(v) monitoring the work carried out by the VALUATION COMPANY and INDEPENDENT VERIFIER, under the terms of ANNEX VI - PERFORMANCE GUIDELINES FOR THE VALUATION COMPANY AND INDEPENDENT VERIFIER; and

(w) providing institutional support for the necessary agreements, jointly with other public bodies when the execution of services under their responsibility interferes with the activities established in the CONTRACT, without causing any changes to the risks assumed by each of the PARTIES,

under the terms of this CONTRACT, in particular relating to the intermediation of relations with Public Administration bodies, observing the risk allocation in this CONTRACT.

Paragraph 1. Any need for support from public security forces within the scope of the activities provided by SABESP must be evaluated, for each specific situation, jointly with the relevant STATE bodies and the bodies of the MUNICIPALITIES involved.

Paragraph 2. The CERTIFICATION of INVESTMENTS and inspection by ARSESP regarding SABESP's compliance with the INDICATORS AND GOALS FOR COVERAGE AND LOSSES, directly or through subcontractors, suppliers, third parties, service providers and/or any other natural person or legal entity related to the execution of the CONTRACT, does not bring any responsibility to URAE-1, the MUNICIPALITIES, and the STATE, nor does it exempt SABESP, totally or partially, from its obligations arising from the CONTRACT or relevant legal or regulatory provisions.

Paragraph 3. SABESP may not deny URAE-1 and ARSESP any exception or means of defense to exempt itself, entirely or partially, from the contractual obligations referring to the execution of INVESTMENTS and compliance with the INDICATORS AND GOALS FOR COVERAGE AND LOSSES based on facts that result from contractual relationships established with subcontractors, suppliers, third parties, service providers and/or any other natural person or legal entity related to the execution of the CONTRACT, even if such contracts, facts or conditions have been notified to URAE-1 or ARSESP.

Paragraph 4. The hiring of third parties may not cause detriment to the quality or safety of the SERVICES or in the transfer of the concessionaire's position in the CONTRACT, and SABESP must remain responsible for managing the SERVICES provided.

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Paragraph 5. Sub-concession situations may only be allowed if previously authorized by the GRANTING AUTHORITY.

Paragraph 6. The sub-concession must always be preceded by a bidding process, and will transfer all of SABESP's rights and obligations to the sub-concessionaire, within the limits of applicable legislation.

SECTION 2 RIGHTS AND OBLIGATIONS OF URAE-1, THE STATE, AND THE MUNICIPALITIES

Clause 6. URAE-1, the STATE and the MUNICIPALITIES, notwithstanding other rights and obligations established in this CONTRACT and in APPLICABLE LEGISLATION, for the purpose of the activities arising from the SERVICES, shall have the following rights and obligations:

(a) transferring, for SABESP's operation and maintenance, the infrastructure related to the SERVICES that have been implemented by entrepreneurs responsible for land subdivisions and real estate developments of any nature, until the effective reversal of this infrastructure has been made to the MUNICIPALITY and/or the STATE, upon termination of the CONTRACT;

(b) transferring to SABESP all established administrative and passage easements whose exploration is necessary for the SERVICES provided,

without any burden and during the term in which this CONTRACT is in effect;

(c) supporting SABESP in its environmental licensing processes, making efforts to ensure that the licenses required for the execution of INVESTMENTS are issued as quickly as possible, within the scope of ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY;

(d) formally communicating to ARSESP, by means of technical committees established within the scope of URAE-1, the identification of any irregularity practiced by SABESP in the provision of the SERVICES that are in disagreement with this CONTRACT, the REGULATION or current legislation, and request the adoption of the appropriate administrative measures;

(e) transferring to SABESP possession of the areas necessary to implement the SERVICES;

(f) performing administrative acts, as well as exercising the necessary police force to enable SERVICES to be provided in the SERVICE AREA;

(g) performing the necessary administrative acts within its attributions to prevent the release of rainwater and drainage water into the collection and sewage system, and vice-versa;

(h) demanding, under the terms of article 45, paragraphs 6 and 7 of Federal Law 11,445/2007, that permanent urban buildings, including those in areas previously classified as rural areas, connect to the SYSTEMS as available and technically feasible, under the terms of the SERVICE REGULATION;

(i) monitoring the measures adopted by ARSESP to comply with this CONTRACT for the reversal of REVERSIBLE ASSETS, upon termination of the CONTRACT;

(j) promoting and complying with the acts, within its attributions, that are necessary for the actions carried out by SABESP aimed at reducing default, preventing water theft, and connecting USERS to the available networks, as well as to individual solutions, as applicable;

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(k) establishing administrative limits and authorizing temporary occupations of fixed assets, aimed at ensuring the performance of services and works under the responsibility of SABESP, as well as the conservation of LINKED ASSETS;

(l) monitoring and assessing, with the support of technical committees established within the scope of URAE-1, the coverage goals and the REGIONAL SANITATION PLAN;

(m) promoting the coordination between SABESP and regulatory bodies, in particular those responsible for water resources and environmental protection, public health and urban planning;

(n) acting jointly, pursuant to ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY, with the competent environmental authority and basin committees to ensure observance with the parameters established in the CONTRACT, aimed at the quality of effluents from sewage treatment units and sludge generated in water treatment processes to maintain the quality of water bodies, considering the payment capacity of USERS, as well as the INDICATORS AND GOALS FOR COVERAGE AND LOSSES;

(o) issuing, in a timely manner, the public utility statement for properties that must be expropriated by SABESP for the execution of INVESTMENTS; and

(p) pay the TARIFFS charged by SABESP for the SERVICES in a timely manner, as well as OTHER PRICES arising from SUPPLEMENTAL ACTIVITIES, subject to the consequences established in current legislation and in the REGULATION in the event of default.

Paragraph 1. URAE-1 must designate, in accordance with its Internal Regulations, the person(s) responsible for managing this CONTRACT, notifying this information to ARSESP.

Paragraph 2. The STATE must adopt the necessary measures to allocate FAUSP the resources for TARIFF affordability, as defined by FAUSP's deliberative bodies and in compliance with the relevant ARSESP REGULATION.

Clause 7. The MUNICIPALITIES shall be responsible for:

(a) authorizing, pursuant to current legislation, requests for land subdivision, under the forms of dismemberment or condominium, only deciding on the conformity of the projects for their respective water supply and sewage networks after prior approval by SABESP, carried out under the terms of the SERVICE REGULATION;

(b) notifying, charging and applying fines, under local legislation, to USERS who, despite the availability of collection networks, and after being notified, do not adopt the necessary measures to connect their properties to the public sewage network, as well as due to the inadequacy of alternative solutions in rural areas; and

(c) collaborating, within the limits of their powers, with the execution and/or progress of works necessary for the SERVICES, refraining from acts that may constitute an undue or unjustified obstacle to the execution of the activities provided for in this CONTRACT, including those intended for REGIONALIZED SERVICES, as well as making the best efforts to maintain the applicable tax relief policy for the CONTRACT, both for the SERVICES provided and the LINKED ASSETS.

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CHAPTER 6. RIGHTS AND OBLIGATIONS OF SABESP

SECTION 3 RIGHTS OF SABESP

Clause 8. SABESP's rights include:

(a) receiving through the transfer from the STATE and/or MUNICIPALITIES all administrative and passage easements already established, without any burden and during the term in which this CONTRACT is in effect;

(b) using public roads, highways, walkways and land owned by the GRANTING AUTHORITY to provide the SERVICES, including for the installation of general infrastructure, subject to prior communication and authorization by the MUNICIPALITIES for urban roads, as applicable;

(c) regulating, in compliance with the technical standards of ARSESP, ABNT and APPLICABLE LEGISLATION, the implementation of water and sewage installations;

(d) failing to perform the SERVICES or interrupt them, whenever it considers the respective facilities, entirely or partially, are irregular, inadequate or inappropriate, pursuant to the SERVICE REGULATION, notwithstanding its responsibility for the conservation and maintenance of the LINKED ASSETS;

(e) conditioning the SERVICES provided, when assuming possession of infrastructure that is not already operated by SABESP, to prior verification if the facilities comply with the standards established by ABNT and/or other competent authorities;

(f) requiring the pre-treatment of sewage that does not comply with current legislation, at the exclusive cost and expense of non-residential USERS, prior to when this sewage is received by the public collection network and sewage treatment plant, pursuant to the environmental standards of the competent control and inspection bodies;

(g) signing contractual instruments with third parties for providing the SERVICES covered by this CONTRACT, in compliance with the relevant legislation, in particular article 25, paragraph 1 of Federal Law 8,987/1995, provided that contractors meet all standards applicable to the SERVICES;

(h) receiving updated information from competent bodies on changes to the registration of the served properties within a timeframe compatible with the timeframe of each PERIODIC TARIFF REVISION;

(i) receiving from STATE and MUNICIPAL representatives, according to their competence, the definition of investments under the responsibility of said entities and whose implementation interferes with the SERVICES;

(j) entering public or private properties, with duly accredited and identified agents as defined in CURRENT LEGISLATION and the REGULATION, to install equipment or carry out needed repairs so SERVICES can be regularly provided, acting to obtain the authorization;

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(k) demanding that ARSESP carries out and makes public, in the required cases, a REGULATORY IMPACT ASSESSMENT prior to changing the REGULATION and elaborates the mandatory standards for SABESP;

(l) carrying out, under applicable legislation, the expropriations and evictions, establishing administrative easements and temporary occupations when needed to carry out the INVESTMENTS and SERVICES, including their ancillary facilities, in accordance with the provisions of this CONTRACT;

(m) collecting the APPLICATION TARIFF from USERS due to the provision of a public water supply and sewage network, regardless of the effective connection to these networks, under the terms of article 45, caput, and paragraph 4, of Federal Law 11,445/2007, under the regulations to be issued by ARSESP; and

(n) identifying the USERS who use the INDIVIDUAL SOLUTION SYSTEM FOR SUPPLY OF DRINKING WATER AND/OR SEWAGE and notifying ARSESP, URAE 1- SOUTHEAST and the respective MUNICIPALITY where the property is located, so that the universalization data of the SERVICES can be computed, including for these locations, always considering the SERVICE AREA and the USERS who must be included under the terms of ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY.

SECTION 4 OBLIGATIONS OF SABESP

Clause 9. SABESP undertakes to, notwithstanding other obligations established in this CONTRACT or APPLICABLE LEGISLATION:

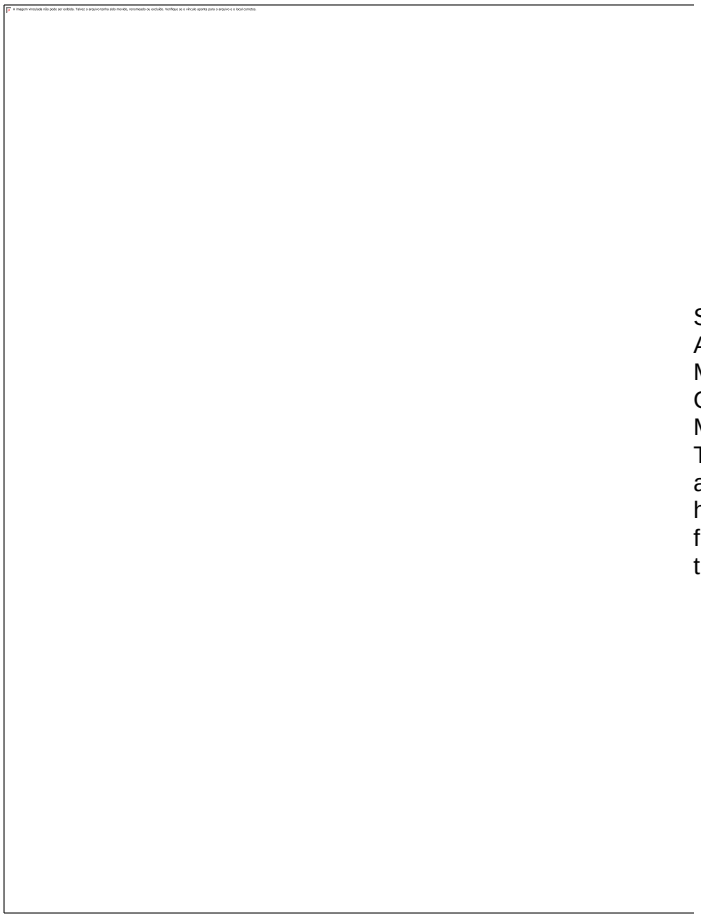
(a) ensure the universalization of SERVICES, by December 31, 2029, in the SERVICE AREA;

(b) meet the goals to expand services, reduce losses in the distribution of treated water, ensure the quality of services provided, ensure the efficient and rational use of water, energy and other natural resources, and ensure that sewage effluents and rainwater are reused, in observance of ANNEX II – TECHNICAL ANNEX FOR EACH MUNICIPALITY and ANNEX VII – U FACTOR, Q FACTOR AND QUALITY INDICATORS, as well as ARSESP's regulations on the matter, as applicable;

(c) ensure, pursuant to the CONTRACT and ANNEXES, services to any and all USERS, current and future, for all residential, commercial, industrial, public and rural categories, among others, including land subdivisions and real estate developments of any nature in the SERVICE AREA, including any changes thereto, in compliance with APPLICABLE LEGISLATION and the REGULATION;

(d) provide ADEQUATE SERVICES, executed in compliance with the provisions of ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY and ANNEX VII – U FACTOR, Q FACTOR AND QUALITY INDICATORS , complying with legal and regulatory provisions, as well determined by URAE-1 and ARSESP;

(e) propose guidelines, analyze and approve expansion projects to be carried out by third parties within the scope of land subdivision and real estate developments of any nature that impact the SERVICES provided, in accordance with the SERVICE REGULATION, in addition to verifying compliance of the projects carried out by the respective developers, as a condition for connecting to the water and sewage network,



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elaborating and signing terms of receipt for the transfer of the respective assets and other INVESTMENTS made;

(f) not transfer to third parties, in any form, the exploitation rights under this CONTRACT without the prior and express authorization by ARSESP and the GRANTING AUTHORITY through URAE-1, except for the situations previously approved in this CONTRACT;

(g) respect USER rights;

(h) maintain, during the term of the CONTRACT, an ombudsman office to take care of USERS' relationships with the SERVICES;

(i) forward to URAE-1 and ARSESP, within 180 days after the end of the fiscal year, an annual management report on the CONTRACT's performance, including contractual goals, performance indicators, operational information and the economic-financial results of each of the MUNICIPALITIES;

(j) appoint managers for this CONTRACT within 30 (thirty) days from the EFFECTIVE DATE, communicating any changes to the PARTIES and ARSESP by at least 10 (ten) days in advance;

(k) meet the INDICATORS AND GOALS FOR COVERAGE AND LOSSES, in accordance with the provisions contained in this CONTRACT;

(l) elaborate and implement regulatory accounting by December 31, 2026, pursuant to the REGULATION issued by ARSESP, submitting it to ARSESP's assessment and observing the rules and criteria of ANNEX V – REGULATORY MODEL;

(m) present ARSESP all information related to the costs of events that have impacted the economic-financial balance of the CONTRACT;

(n) forward to ARSESP's assessment, on a yearly basis, the ASSET VALUATION REPORT, according to the criteria and deadlines defined in ANNEX V – REGULATORY MODEL;

(o) adopt preventive and/or corrective measures related to the environment and water resources whenever affected by the SERVICES provided, under the terms of this CONTRACT and in compliance with the risk matrix;

(p) restore, under the rules established in ANNEX VII - U FACTOR, Q FACTOR AND QUALITY INDICATORS, the walkways and pavement of public spaces, in accordance with the applicable technical standards and the urban legislation of the MUNICIPALITY involved, whenever they are damaged due to interventions carried out by SABESP in the SYSTEMS and in the building water and sewage branches;

(q) contract and maintain, throughout the term of this CONTRACT, the insurance and guarantees required in this CONTRACT and in current legislation, hiring the policies that are compatible with the specific scope established in ANNEX – TECHNICAL ANNEX OF EACH MUNICIPALITY and the SERVICE AREA, notwithstanding any other that may be required by ARSESP in the REGULATION;

(r) elaborate and present, by December 31, 2025, the LICENSING, PERMITS AND AUTHORIZATIONS PLAN, in accordance with ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY,

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even proposing revisions to the LICENSING, PERMITS AND AUTHORIZATIONS PLAN to ARSESP

during the PERIODIC TARIFF REVISIONS;

(s) obtain, in a timely and regular manner, as well as maintain and renew all licenses, permits and authorizations necessary for the execution of works and services to fulfill the goals and objectives of the CONTRACT, including environmental licenses and grants for water usage, in addition to respecting, complying, and implementing any current Programs or Terms of Conduct Adjustment, including their obligations and conditions, signed with competent authorities;

(t) maintain an accounting system compatible with the REGULATION to allow the recording and demonstrating, separately, the costs and revenues of each service in each of the MUNICIPALITIES, observing the applicable rules and criteria established in ANNEX V – REGULATORY MODEL and the REGULATION;

(u) redo, adapt or correct, directly or indirectly and without any burden to URAE-1, the USERS or the SERVICES, any and all work or service under its responsibility that has been carried out improperly or that does not comply with the quality standards established in this CONTRACT and its ANNEXES, observing the deadlines defined by ARSESP;

(v) ensure integrity and carry out preventive and corrective maintenance measures for the LINKED ASSETS, repairing any and all damage caused to such LINKED ASSETS or to third party assets arising from the SERVICES provided, observing the exclusion of its responsibilities in the event the damage is caused by flaw or intent of URAE-1, the MUNICIPALITIES, the STATE or ARSESP;

(w) carry out, through its own means or by hiring third parties, the MANDATORY INVESTMENTS aimed at achieving compliance with the INDICATORS AND GOALS FOR COVERAGE AND LOSSES, observing the deadline and quality requirements established in the CONTRACT and its ANNEXES;

(x) revert, at the end of the concession and under the terms of ARSESP Resolution 1,143/2021, as amended, to the filings kept by URAE-1, the STATE, the MUNICIPALITIES and ARSESP, all projects, plans, blueprints and other documents, of any nature, resulting from the SERVICES provided and which have been specifically acquired or created in the development of the activities covered by this CONTRACT;

(y) take on the responsibility for any delays in the implementation of the INVESTMENTS, relating to what is established in this CONTRACT, unless they arise from a risk factor or responsibility of URAE-1, the MUNICIPALITIES, the STATE or ARSESP, in compliance with the risk allocation provided for in this CONTRACT;

(z) comply with legal requirements relating to labor, social security, safety and occupational health legislation for its employees, being responsible, as the sole employer, for all social, labor and social security charges applicable to the cost of labor employed in operational and maintenance activities, in addition to other activities under the CONTRACT, as well as for legal requirements relating to insurance and work accidents;

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(aa) maintain all professionals properly identified and, when executing external operations, also properly uniformed. Identification badges must contain SABESP's name, the employee's name, position/function, identification number (RG, CPF, CNH, Professional Council Card) and a recent photograph of the employee;

(bb) cooperate and support the development of ARSESP's monitoring and inspection activities, under the terms of this CONTRACT and its ANNEXES;

(cc) provide ARSESP with documents and information that are relevant for the CONTRACT, including subcontracts and agreements of any nature signed with third parties, granting access to inspection and audits under the terms of the REGULATION;

(dd) provide ARESP, within 3 (three) months from the EFFECTIVE DATE, access, under the terms defined by it, in which the implementation costs will be transferred to the TARIFFS, all data on RELATED GOODS, INVESTMENTS, and operational characteristics of the SERVICES, in electronic format that allows the data to be inserted into a freely accessed platform by the GRANTING AUTHORITY, as REGULATION, including information on the geolocation of infrastructure, on the INDICATORS AND GOALS FOR COVERAGE AND LOSSES, and on real-time operating conditions, in addition to real-time access to updated information on the forecasted restoration of interrupted or suspended SERVICES, notwithstanding other data that may be required in the REGULATION;

(ee) elaborate and maintain an updated inventory of LINKED ASSETS, as well as regularly record their accounting books and organize files, documents and annotations to allow inspection, at any time, by those responsible for inspection activities;

(ff) promptly provide all information requested by ARSESP or other authorities, including municipal authorities, within the deadline determined by them or, in the lack thereof, within the deadline established in the SERVICE REGULATION, complying with applicable procedures, excluding exceptional situations that are duly justified to ARSESP and, as the case may be, to the requesting authorities;

(gg) not sign agreements with third parties whose object or execution is incompatible with the terms of the CONTRACT, except in situations expressly provided for in this CONTRACT;

(hh) maintain, for all activities related to engineering works and services, appropriate regularity with the regulatory bodies for these professions, requiring the same from contracted third parties;

(ii) adopt the necessary measures to recover environmental liabilities, according to the risk matrix of this CONTRACT;

(jj) meet the requirements made by competent bodies to obtain the licenses, authorizations and permits required to execute the CONTRACT, including environmental and those aimed at the protection of historical and cultural heritage;

(kk) obtain, apply and manage all financial resources necessary to carry out the activities and INVESTMENTS provided within the scope of this CONTRACT;

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(ll) collect taxes levied on its activities and comply with tax legislation, including those related to the exploration of SUPPLMENETARY ACTIVITIES or ANCILLARY ACTIVITIES;

(mm) forward to ARSESP, on an annual basis, proof of regularity for the INSS and FGTS contributions, which must also be sent to the Federal, State and Municipal Treasuries;

(nn) adopt the best practices defined by Federal Law 12,846/2013, including the ones for implementing the integrity mechanisms established in this CONTRACT, under the COMPLIANCE AND INTEGRITY PLAN;

(oo) adopt management and operational monitoring systems that allow ARSESP to carry out the corresponding integration;

(pp) respond, for itself or through its management, employees, agents, subcontractors, suppliers, outsourced parties, service providers and/or any other natural person or legal entity related to the execution of the CONTRACT, before URAE-1, ARSESP, the STATE, MUNICIPALITIES and third parties, for any and all damage caused by illegal acts or omission, by SABESP, whenever they arise from the execution of investments, construction works, and the SERVICES, directly or indirectly, without excluding or reducing this responsibility from SABESP and ARSESP in supervising or monitoring the CONTRACT;

(qq) provide for the liability of its agents for damage they cause to third parties, URAE-1, ARSESP, the STATE or MUNICIPALITIES, ensuring the right of recourse against the responsible party for situations of intent or negligence;

(rr) inform ARSESP, within 5 (five) business days of being notified, when subpoenaed or summoned for any lawsuit or administrative procedure that may impact the continuity of the SERVICES;

(ss) take on the responsibility for installing and operating the construction site, accesses and other support areas for the works and operational structures relevant to carry out INVESTMENTS, under applicable regulatory requirements

(tt) accept and cooperate, under best efforts and the provisions of applicable legislation and regulations, with the use of LINKED ASSETS by concessionaires, licensees or authorized parties, providing services that require the installation or regularization of electricity, natural gas or telecommunications networks;

(uu) adequately disclose to the general public, particularly the USERS, when special procedures are adopted for exceptional situations, in accordance with the SERVICE REGULATION;

(x) adhere to educational, informative, operational and other campaigns, in line with the guidelines issued by URAE-1 and ARSESP, required to transmit information to USERS concerning the SERVICES, and such costs shall be considered in the TARIFFS defined in the terms of ANNEX V – REGULATORY MODEL;

(ww) immediately communicate ARSESP and other competent bodies whenever materials or objects of historical, archaeological, paleological or other interest are discovered

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as well as incidents of an environmental nature or that interfere with other public service concessionaires;

(xx) deliver ARSESP a copy of the insurance policies and proof of premium payments, including renewals under the terms of this CONTRACT;

(yy) maintain a documental collection that complies with the provisions of Federal Law 8,159/1991, and other applicable regulations;

(zz) identify, in the instruments forwarded to ARSESP, if this is determined, the priority to pay any indemnification directly to SABESP's funders, as well as any rules that govern the funders' right to take control over SABESP (step-in rights);

(aaa) transfer to the STATE and/or MUNICIPALITIES the ownership of the expropriated areas, at the end of the judicial and/or administrative proceedings that address expropriations and administrative easements, necessary for the execution of the SERVICES, at its own expense and responsibility, complying with the provisions of the applicable legislation and recognizing the areas as LINKED ASSETS;

(bbb) present to the INDEPENDENT VERIFIER, the VALUATION COMPANY and ARSESP the data and information required for the elaboration of the ASSET EVALUATION REPORT and to verify the INDICATORS AND GOALS FOR COVERAGE AND LOSSES;

(ccc) notify the competent authorities, as soon as it gains awareness and as quickly as possible, any occurrences in the exercise of its activities that put at risk the environmental integrity of areas involved for providing the SERVICES;

(ddd) comply with the measures determined by responsible and vested authorities in the event of accidents or uncommon routine situations;

(eee) present, within the period requested by ARSESP, the licenses, authorizations, permissions, certificates, approvals and permits, on behalf of SABESP, that are required for the execution of the CONTRACT;

(uu) pay regulation, oversight and inspection fees calculated under State Complementary Law 1,025/2007 and the terms of the CONVENTION;

(ggg) maintain updated registries of USERS connected to the SYSTEMS and/or served by alternative solutions implemented and/or operated by SABESP, in accordance with the terms of Clause 19;

(hhh) conduct an annual customer satisfaction survey, making it widely publicized, mainly on its website, by March 15 of the fiscal year following the survey period, informing the trend of the results obtained in the last three years;

(iii) inform on its website, and at all its service agencies, how USERS can verify their eligibility to the SOCIAL TARIFF, which must be updated by 15 (fifteen) business days after receiving the updated list from ARSESP;

(jjj) maintain the registration of USERS eligible for the SOCIAL TARIFF updated, through the list provided by ARSESP or valid documentation provided

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by the USER at one of SABESP's service agencies, to guarantee that the SOCIAL TARIFF is charged in the first invoice to be issued after proof of eligibility;

(kkk) meet the goals for efficiency and rational use of natural resources, reuse of sanitary effluents and use of rainwater, under the terms resolved by ARSESP;

(lll) carry out, by December 31, 2026, a data collection of the USERS located in rural areas, to be submitted for approval by the STATE, after appreciated by ARSESP and under the terms of paragraph 4, Clause 19 of this CONTRACT;

(mmm) implement the long-term water supply plan agreed with ARSESP and prepare a specific contingency plan for events of water resource scarcity, to be submitted for approval by ARSESP, after appreciation by the water resources management body, within 180 (one hundred and eighty) days from the EFFECTIVE DATE, containing the measures and protocols (i) to avoid the water resources management body identifies an alert situation for water availability in the bodies that supply the SERVICE AREA, according to the water security index, and (ii) to be activated in the event the water resources management body identifies an alert situation in the bodies that supply the SERVICE AREA;

(nnn) inform on its website, in a specific location highlighted on the landing page, information on the amounts transferred by the State of São Paulo for tariff reduction compared to the amount that would be determined if the privatization measures provided for in Law 17,853/2023 were not applied;

(ooo) inform on the water and sewage bill the specific location of the website referred to in the previous paragraph, explanation this transparency measure regarding the amounts transferred by the State of São Paulo for tariff reduction compared to the amount that would be determined if the privatization measures provided for in Law 17,853/2023 were not applied;

(ppp) request approval with the Federal Revenue Service, in a timely and diligent manner, taking all efforts and adequately complying with all requirements formulated in the process, to effectively obtain tax credits arising from subsidies received through FAUSP funds, under the terms of Federal Law 14,789/2023, as amended, safeguarding the risk allocation under the terms of this CONTRACT;

(qqq) maintain strategic areas to ensure (i) the retention of essential knowledge or providing SERVICES and (ii) efficient and expedited service to USERS and for the operation and maintenance of SYSTEMS during critical and emergency situations, comprised of teams that are formed preferably by professionals with at least ten years of proven experience in the sanitation sector; and

(rrr) carry out protection measures for Conservation Units, in compliance with its status as a company responsible for water supply and that uses water resources, whenever this benefits from the protection provided by a Conservation Unit, based on work plans prepared jointly with the respective management bodies.

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Paragraph 1. Failure to obtain environmental licenses or grants that entitle the right to use water resources in a timely manner, including those under the terms of the LICENSING, PERMITS AND AUTHORIZATIONS PLAN, when duly approved by ARSESP, as well as delays in expropriations, easements or temporary leases, when SABESP is not responsible for causing these situations and has submitted all necessary documentation within the deadlines and containing the minimum content for its assessment established by the competent body, excludes SABESP's liability for the purposes of applying penalties and possible reductions in EQUILIBRIUM TARRIFS, under the terms of ANNEX II - TECHNICAL ANNEX OF EACH MUNICIPALITY, ANNEX V - REGULATORY MODEL, and ANNEX III - INFRACTIONS AND PENALTIES.

SECTION 5 INSURANCE

Clause 10. SABESP, during the term of this CONTRACT, must maintain effective coverage of the insurable risks inherent in the execution of activities related to the SERVICES, as well as all insurance required by current legislation and the REGULATION.

Paragraph 1. SABESP must hire insurance coverage in compliance with the regulations issued by the Superintendence of Private Insurance – SUSEP, whose main objective is to provide coverage for the scope assumed in this

CONTRACT, pursuant to ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY, thus ensuring the unequivocal identification of the hired coverage.

Paragraph 2. The insurance policies required under this CONTRACT or endorsements of current policies must be presented to ARSESP within 90 (ninety) days from the EFFECTIVE DATE.

Paragraph 3. Insurance must be hired and maintained in effect with insurance companies authorized to operate in Brazil, who size are compatible with the insured object, according to the insurance plan that must be elaborated by SABESP and presented to ARSESP within 90 (ninety) days from the EFFECTIVE DATE, which must also be maintained updated on a permanent basis and observe the following guidelines:

(a) The insurance plan must indicate all insurance coverage that SABESP intends to hire, including, at least, the mandatory insurance coverage listed in paragraph 4 of this Clause, as well as the coverage limits provided for each policy and the most insurance deductible amount for the risk.

(b) The insurance plan may be reviewed periodically, at least within the scope of the PERIODIC TARIFF REVISIONS, making necessary adjustments based on expected changes in MANDATORY INVESTMENTS and the INDICATORS AND GOALS FOR COVERAGE AND LOSSES, in compliance with the regulations of the federal insurance standardization and inspection bodies in Brazil and prohibiting the imposition and/or delay of additional payment procedures of the ensured amounts.

Paragraph 4. SABESP must hire, at least, the insurance policies defined below, according to their availability in the Brazilian market:

(a) Engineering Risk Insurance to cover material damage that may be caused by construction works and/or installation and assembly

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needed to fulfill the purpose of the CONTRACT, which are not classified as maintenance and conservation;

(b) "All Risks" type Concession Operational Risk Insurance, including the following coverage:

(i) Material damage covering the loss, destruction or damage to all LINKED ASSETS, including additional coverage for expert fees, engineering risks for small works and low voltage equipment; and

(c) General Civil Liability Insurance, including the following coverage:

(i) Employer civil liability;

(ii) Contingent civil liability;

(iii) Cross-civil liability; and

(iv) Civil liability for civil construction works.

(d) Environmental Risk Insurance, designed to ensure SABESP's liability for damage arising from environmental pollution conditions, arising from the SERVICES provided or the execution of works necessary to implement INVESTMENTS.

Paragraph 5. Civil Liability insurance for civil construction works may be hired separately from the General Civil Liability insurance.

Paragraph 6. SABESP will inform ARSESP of the stipulated coverage, insured amounts and the most appropriate insurance deductible levels for the risks involved.

Paragraph 7. ARSESP may recommend changes to coverage and insurance deductible amounts, as well as to the conditions of the hired insurance policies to ensure adequate coverage, and the economic and financial impacts of these changes will be transferred to the TARRIFS during the PERIODIC TARIFF REVISION.

Paragraph 8. SABESP may change coverage and insurance deductible amounts, as well as any conditions of the hired policies, notifying ARSESP.

Paragraph 9. Once the hired insurance policies have been fully or partially executed, SABESP must enable the insured amounts to be received by 10 (ten) business days, including for the Civil Liability Section, in compliance with the regulations of the federal insurance standardization and inspection bodies in Brazil, unless this coverage is not available in the insurance market, which must be confirmed by letter sent to ARSESP and signed by the reinsurance company.

(a) In the event a coverage does not exist, and/or the amounts of the insurance policy can not be paid or are unconditional, and/or an event triggers the insurance policy's clause regarding cap coverage limits, ARSESP may demand alternative solutions to ensure SABESP continues to execute its assumed obligations, which may be structured by means of a contract signed between SABESP and third parties containing provisions defined by ARSESP, or suggested by SABESP and approved by ARSESP.

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(b) The impossibility of receiving automatic and unconditional payment, under the terms of paragraph (a) above, excludes SABESP's liability for the purposes of applying any penalty for not complying with an obligation that is linked to receiving insurance payment referred to in this paragraph.

Paragraph 10. When hiring insurance policies covered by the CONTRACT, the following guidelines must be followed:

(a) All insurance policies must be valid for at least 12 (twelve) months, except for policies relating to insurance linked to the execution of INVESTMENTS, which shall be valid according to the deadline for executing each work;

(b) Insurance coverage required by SABESP must be within limits capable of fully reimbursing all losses that may be incurred by SABESP, ARSESP, the GRANTING AUTHORITY, or third parties arising from activities carried out by SABESP and within the limits of the responsibilities of each PARTY and ARSESP;

(c) SABESP must provide ARSESP, up to 10 (ten) days prior to the respective expiration dates, with certificates issued by the insurance company(ies), confirming that the insurance policies provided for in the CONTRACT were renewed, or that new policies were hired, if this is necessary for the continuity of the insured activity;

(d) SABESP must include in the insurance policies the insurance company's obligation to inform, in writing and at least 30 (thirty) days in advance, SABESP and ARSESP of any facts that may imply in the cancellation, in full or partially, of the insurance hired, as well as events that cause reduction in coverage, increase in insurance deductible amounts, or reduction of insured amounts, observing the situations provided for by law;

(e) Insurance policies must include coverage for damages caused by force majeure or unforeseeable circumstances, when insurable, under the risk matrix contained in this CONTRACT;

(f) Any differences between the hired amounts and the indemnifications or claims paid will not give rise to the right to the economic-financial rebalancing of the CONTRACT, nor will they eliminate SABESP's obligation to provide the SERVICES and carry out the planned INVESTMENTS, including INVESTMENTS that are proven necessary due to claim occurrence and whose amounts have not been fully covered by the policies;

Paragraph 11. In the event of losses not covered by the hired insurance, provided that the generating event is insurable in Brazil by at least two insurance companies, and considering a period of one year prior to the event date, as registered with the Superintendence of Private Insurance (SUSEP), and if the obligation to insure is included in the insurance plan, SABESP will be fully liable for any damage and losses that may be caused to the STATE, the MUNICIPALITY, URAE-1, ARSESP, or third parties arising from the SERVICES provided, incurring the burden of compensating for such damage and losses exclusively at its own expense.

Paragraph 12. The policies issued may not contain obligations, restrictions or provisions that contravene the terms of the CONTRACT or sector regulations and must contain an express statement from the insurance company that it is fully aware of the CONTRACT, including the limits of SABESP's rights.

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Paragraph 13. In the event SABESP lacks to comply with the obligation to hire and maintain insurance policies valid, URAE-1 may, regardless of its right to decree the intervention or declare the CONTRACT'S nullity, proceed with the hiring and direct payment of the respective insurance premiums, with all costs burdens falling on SABESP, which must reimburse URAE-1, as applicable, within 15 (fifteen) business days from its notification, charging interest on arrears corresponding to the variation *pro rata temporis* of the SELIC rate between the payment date for the insurance premiums by URAE-1 and the actual reimbursement date, notwithstanding other applicable penalties.

SECTION 6 PERFORMANE GUARANTEE

Clause 11. The full and timely fulfillment of the obligations assumed by SABESP with URAE-1 and ARSESP shall be ensured, under the terms, amounts,and conditions set forth in this Clause, by a PERFORMANCE GUARANTEE.

Paragraph 1. SABESP must provide, within 30 (thirty) days of the EFFECTIVE DATE, and maintain in favor of ARSESP, throughout the entire term of the CONTRACT, a PERFORMANCE GUARANTEE that covers compliance with operational, maintenance and investment obligations, as well as the payment of any amounts due to URAE-1, ARSESP, the STATE or the MUNICIPALITIES, in the minimum amount of:

(a) R$ 200,000,000.00 (two hundred million reais), from the EFFECTIVE DATE of the CONTRACT, adjusted annually by the IPCA/IBGE price index; and

(b) R$ 500,000,000.00 (five hundred million reais), particularly in the last 2 (two) years of the CONTRACT, adjusted by the IPCA/IBGE price index, aimed at ensuring the adequate reversal of the REVERSIBLE ASSETS, whose amount may be reduced if ARSESP expresses itself in favor of considering a lower value, adopting it as a parameter to ensure the adequate reversal of the REVERSIBLE ASSETS, pursuant to clauses 51 and 59 of this CONTRACT, and considering the information contained in the inventory prepared by SABESP, in compliance with the provisions of clause 9 (ee) of this CONTRACT and the REGULATION.

Paragraph 2. The PERFORMANCE GUARANTEE may have its amounts revised during the PERIODIC TARIFF REVISIONS and EXTRAORDINARY REVISIONS, in which case the
investments and their respective execution schedules will be considered, in the event that they are changed.

Paragraph 3. The PERFORMANCE GUARANTEE is intended to compensate and reimburse costs and expenses incurred by URAE-1 or ARSESP, in the event SABESP fails to comply with assumed obligations, and must also be executed for paying fines that are applied to SABESP, or to pay other amounts owed by SABESP to URAE-1 or ARSESP, which have not been duly paid.

Paragraph 4. SABESP will remain fully responsible for fulfilling the purpose of this CONTRACT, even if the PERFORMANCE GUARANTEE is fully executed, as well as responsible for other obligations inherent thereto, including the payment of fines, indemnifications and other penalties that may be applied to the Company, and which have not met with the full or partial execution of the PERFORMANCE GUARANTEE.

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Paragraph 5. If the PERFORMANCE GUARANTEE is not sufficient to meet the obligations set forth in paragraph 3, SABESP will be liable for the difference.

Paragraph 6. The documents that effectively formalize the PERFORMANCE GUARANTEE must be previously approved by ARSESP, under the terms of this CONTRACT, including any changes, replacements and renewals that may be required, and SABESP shall be responsible, in any event, for the risks related to not hiring or inadequately or insufficiently hiring the PERFORMANCE GUARANTEE.

Paragraph 7. The PERFORMANCE GUARANTEE may be offered and/or replaced, with prior and express consent from ARSESP, in one of the following ways, in accordance with article 96, paragraph 1, of Federal Law 14,133/2021:

(a) Security deposit in national currency;

(b) Security deposit in public debt securities of the National Treasury;

(c) Surety bond;

(d) Bank guarantee;

(e) Premium bonds, funded by a single payment and redemption for the full amount; or

(f) Combining two or more of these modalities contained in this paragraph 7.

Paragraph 8. The PERFORMANCE GUARANTEE offered may not contain any reservations that may hinder or prevent its execution, or that may raise concerns as to its feasibility, in compliance with the regulations of the federal insurance standardization and inspection bodies in Brazil, if offered in this modality.

Paragraph 9. SABESP shall be solely responsible for the expenses relating to the provision of the PERFORMANCE GUARANTEE, in accordance with the REGULATION.

Paragraph 10. SABESP shall be solely responsible for ensuring the maintenance and sufficiency of the PERFORMANCE GUARANTEE provided in this CONTRACT.

Paragraph 11. The PERFORMANCE GUARANTEE, if provided in national currency, must be deposited in a current account held by URAE-1, to be indicated as requested by SABESP, presenting proof of deposit, or through an administrative check from a national financial institution.

Paragraph 12. The PERFORMANCE GUARANTEE, if provided through public debt securities of the National Treasury, must be taken out for the nominal value of the securities, and these cannot be encumbered with non-attachability, non-alienability, non-transferability or mandatory acquisition clauses.

Paragraph 13. Securities offered must be issued in book value, registered in a centralized settlement and custody system authorized by the Central Bank of Brazil, with market quotation and accompanied by proof of their current validity in terms of liquidity and value.

Paragraph 14. Only the following securities shall be accepted:

(a) National Treasury Bills – LTN;

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(b) Financial Treasury Bills – LFT;

(c) National Treasury Notes Series B Principal – NTN-B Principal;

(d) National Treasury Notes Series B – NTN-B;

(e) National Treasury Notes Series C – NTN-C; and

(f) National Treasury Notes Series F – NTN-F;

Paragraph 15. The PERFORMANCE GUARANTEE, if presented in the form of a surety bond, will be proven by the presentation of the surety bond policy, accompanied by proof of payment for the premium, as applicable, as well as a Certificate of Operational Regularity, issued by SUSEP, on behalf of the insurance company issuing the policy, with a minimum validity of 12 (twelve) months.

Paragraph 16. Relating to the surety bond modality, the policy must be issued by an insurance company authorized to operate in Brazil and must be accompanied by proof of a hired reinsurance policy, pursuant to legislation in effect at the time of presentation, with a minimum validity of 12 (twelve) months.

Paragraph 17. The policy must comply with SUSEP Circular 662/2022, as amended, and may not include any Clause exempting SABESP or the

insurance company from liability, not even through special or particular conditions other than those arising from legal or regulatory requirements.

Paragraph 18. Only liability exclusion arising from an unavoidable requirement by law or regulation shall be considered valid. Liability exclusions that are merely admitted by the regulator will not be considered valid.

Paragraph 19. The special conditions or particular conditions of the respective policy must expressly state coverages for all events described in paragraphs 3 and 31, or, exceptionally, must be accompanied by a statement, signed by the insurance company who issued the policy, certifying that the performance guarantee presented covers all the events described in paragraphs 3 and 31.

Paragraph 20. The PERFORMANCE GUARANTEE, when presented as a surety bond, must cover all events that occurred during its validity, even if a claim is reported by URAE-1 or ARSESP after the final validity of the PERFORMANCE GUARANTEE has expired, respecting its prescriptive term and covering the events provided for in SUSEP Circular No. 662/2022, as amended, as well as SABESP's lack of compliance with its obligation, provided for in Clause 9, item (pp), to indemnify URAE-1 or ARSESP if they are held unduly responsible for any act or fact resulting from SABESP's actions or the actions of its employees or subcontractors, including, but not limited to, environmental damage, civil, tax and labor liability, regulatory penalties, among others.

Paragraph 21. The PERFORMANCE GUARANTEE, if presented in the form of a bank guarantee, must: (i) be issued by a financial institution duly constituted and authorized to operate in Brazil; (ii) have its value expressed in Brazilian Reais; (iii) be presented in its original form;

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(iv) include a waiver for benefit of privilege; and (v) and be accompanied by proof of the representation powers of the person responsible for signing the document.

Paragraph 22. The PERFORMANCE GUARANTEE, in the form of a bank guarantee, must be valid for a minimum of 1 (one) year from the hiring date, and SABESP is fully responsible for carrying out the necessary renewals and updates, also notifying ARSESP of any renewals and updates, under penalty of applicable sanctions.

Paragraph 23. SABESP must submit to ARSESP a document proving the renewal and update of the PERFORMANCE GUARANTEE, at least 30 (thirty) days prior to the end of its validity.

Paragraph 24. SABESP must promote the renewal, in a timely manner, of the PERFORMANCE GUARANTEE to ensure its continuity, as well as proceed with its replacement, if executed, and periodic adjustment, regardless of prior notification from ARSESP establishing the delays.

Paragraph 25. The PERFORMANCE GUARANTEE, provided in any of the forms listed in this Clause, may not have provisions that exclude any liabilities incurred by SABESP in relation to the execution of this CONTRACT, nor contain any type of reservations or conditions that may hinder or prevent its execution, or that may generate concerns as to the robustness

of the guarantee offered, other than the reservations or exclusionary clauses resulting from legal or regulatory requirements.

Paragraph 26. The PERFORMANCE GUARANTEE will only be released when this CONTRACT is terminated and the definitive term of return for the SERVICES has been issued, after proof that SABESP has paid and settled any and all amounts due to URAE-1 or ARSESP.

The reduction in PERFORMANCE GUARANTEE, or its termination, may only be carried out with the prior and express authorization by ARSESP.

Paragraph 27. Whenever the PERFORMANCE GUARANTEE is executed, in full or partially, SABESP will be obliged to replace its full value within 10 (ten) business days from being notified by ARSESP.

Paragraph 28. If said replacement does not occur within the period established in paragraph 27, ARSESP may retain existing credits on behalf of SABESP, in the same value as the replacement, until the PERFORMANCE GUARANTEE amount has been reestablished, with no monetary restatement applicable over the retained credits when they are returned to SABESP, after the PERFORMANCE GUARANTEE has been replaced, notwithstanding the application of penalty to SABESP.

Paragraph 29. If SABESP continues to fail in replacing the PERFORMANCE GUARANTEE amount, URAE-1 may declare the CONTRACT's nullity.

Paragraph 30. The insurance policies defined in clause 10 must be activated with priority by SABESP to repair losses directly covered by the insurance plan, and it is understood that the PERFORMANCE GUARANTEE will not be activated directly to cover damages from such events.

Paragraph 31. Notwithstanding other events provided for in this CONTRACT or legislation, the PERFORMANCE GUARANTEE may be executed, in full or partially, by URAE-1 or

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ARSESP, to pay amounts owed by SABESP to URAE-1 or ARSESP that have not been paid spontaneously after investigated in regular administrative processes, due to:

(a) failure to perform any obligation provided for in this CONTRACT or in any amendments signed by both PARTIES, or arising from the inadequate execution of the purpose of the CONTRACT, in disagreement with the defined specifications and deadlines without being duly justified and refusing or failing to correct the flaws identified by ARSESP under the terms established in this CONTRACT;

(b) failure to pay amounts due relating to fines, indemnifications or other penalties applied to SABESP, under this CONTRACT and within the established deadlines;

(c) failure to carry out INVESTMENTS or take the necessary measures to achieve the INDICATORS AND GOALS FOR COVERAGE AND LOSSES, and refusing or failing to correct the flaws identified by ARSESP under the terms established in this CONTRACT;

(d) failure to pay regulation, oversight and inspection fees calculated under State Complementary Law 1,025/2007 and the terms of the CONVENTION;

(e) failure to deliver the LINKED ASSETS to the STATE and/or MUNICIPALITIES, or to a third party indicated by them, upon termination of the CONTRACT, in full technical and operational functionality, also considering the specifications of this CONTRACT, including failures to correct the flaws identified by ARSESP under the terms established in this CONTRACT;

(f) failure to hire the required insurance under this CONTRACT; and

(g) failure to indemnify the amounts spent by URAE-1 or ARSESP, if they are held unduly responsible for any act or fact resulting from SABESP's actions or the actions of its employees or subcontractors, including, but not limited to, environmental damage, civil, tax and labor liability, regulatory penalties, among others.

TITLE V. SERVICES

CHAPTER 7. EXPANSION AND QUALITY

SECTION 7 PLANNING

Clause 12. SERVICES and INVESTMENTS are planned through the governance bodies of URAE-1, the STATE, and MUNICIPALITIES, within the scope of their attributions, ensuring that the plans are implemented in adherence to the REGIONAL SANITATION PLAN.

Paragraph 1. URAE-1 shall be responsible for the integration of sanitation services, notwithstanding the obligation of the STATE and MUNICIPALITIES to adopt, through their bodies and

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competent entities, all necessary measures to enable the adequate provision of SERVICES.

Paragraph 2. SABESP's duty in enabling compliance with the INDICATORS AND GOALS FOR COVERAGE AND LOSSES does not exempt the MUNICIPALITIES and the STATE, as applicable, of their responsibility to carry out administrative acts within their attributions, as well as to exercise police force that may eventually be necessary to regularize locations within the SERVICE AREA.

Paragraph 3. Water supply systems must be planned to ensure their normal supply, even in adverse water conditions, pursuant to the terms of ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY and ANNEX VII – U FACTOR, Q FACTOR AND QUALITY INDICATORS,
in compliance with the provisions of Clause 37, item "n".

Paragraph 4. The temporary idleness of structures built for the SYSTEM's normal services, including during favorable water conditions, will be treated according to the utilization index methodology mentioned in ANNEX V – REGULATORY MODEL.

Paragraph 5. Investments in LINKED ASSETS must be included in the RRB, under the guidelines defined in ANNEX V – REGULATORY MODEL.

Clause 13. The INVESTMENT plans and projects to be considered by SABESP during the execution of the CONTRACT must reflect the provisions of ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY, aimed at:

(a) ensuring the universalization of services, by December 31, 2029, in the SERVICE AREA;

(b) a gradual and progressive improvement of coverage and compliance for the SERVICES to meet the INDICATORS AND GOALS FOR COVERAGE AND LOSSES, including for the revision of the REGIONAL SANITATION PLAN; and

(c) a continuous improvement of the quality of the SERVICES provided, as well as environmental health, as established in this CONTRACT.

Paragraph 1. The investment projections defined by URAE-1 must be compatible with the ones required to meet the MANDATORY INVESTMENTS and INDICATORS AND GOALS FOR COVERAGE AND LOSSES, which may be changed in the PERIODIC TARIFF REVISIONS and EXTRAORDINARY REVISIONS to reflect revisions to the REGIONAL SANITATION PLAN.

Paragraph 2. SABESP is prohibited to distribute profits and dividends in the event of non-compliance with the goals and schedules set forth in this CONTRACT for the UNIVERSALIZATION, to be determined in a regular administrative process and resolved in a final decision issued by ARSESP.

(a) For the purposes of paragraph 2, the non-compliance with the goals and schedules set forth in this CONTRACT for the UNIVERSALIZATION shall be considered characterized when SABESP, for its own reasons, reaches annually and in compliance with clause 43 of this CONTRACT, the maximum levels of the U Factor measured under the terms of ANNEX VII – U FACTOR, Q FACTOR AND QUALITY INDICATORS, non-cumulatively every year during the contractual execution.

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(b) Once the breach referred to in this paragraph has been remedied, SABESP will be authorized to distribute its profits and dividends.

Clause 14. As established in article 17, paragraph 4, and article 19, paragraph 4, of Federal Law 11,445/2007, the REGIONAL SANITATION PLAN will be reviewed and submitted to approval by URAE-1 and incorporated by ARSESP, jointly with the PERIODIC TARIFF REVISION.

Paragraph 1. The planning review may be based on diagnoses and studies hired by SABESP, which must be approved by URAE-1 in accordance with this Clause, and forwarded to ARSESP by at least 210 (two hundred and ten) days prior to the start date of the PERIODIC TARIFF REVISION.

Paragraph 2. SABESP may hire specialized consultants to work on the review of the REGIONAL SANITATION PLAN, pursuant to article 17, paragraph 4, of Federal Law 11,445/2007, and the review costs must be incorporated into the TARIFFS by ARSESP.

Paragraph 3. SABESP must forward to URAE-1, and ensure its receipt, a list of three companies that may be hired to review the REGIONAL SANITATION PLAN by the end of the first quarter of the calendar year preceding the year in which the PERIODIC TARIFF REVISION was carried out.

Paragraph 4. URAE-1, in accordance with its governance rules, must forward its preference to SABESP, and ensure its receipt, within 30 (thirty) days of the communication containing the triple list referred to in paragraph 3.

Paragraph 5. URAE-1, after receiving the new version of the REGIONAL SANITATION PLAN, must evaluate it, under its governance rules, and, as applicable, request changes based on technical requirements so that SABESP can promote them within 30 (thirty) days.

Paragraph 6. The revised version of the REGIONAL SANITATION PLAN must be resolved by URAE-1 within 30 (thirty) days of when it was forwarded by SABESP, always observing compliance with the deadline provided for in paragraph 1.

Paragraph 7. If URAE-1 does not approve the review of the REGIONAL SANITATION PLAN presented by SABESP, defined in paragraph 6, it may prepare a separate document, directly or through entities and service providers authorized under the terms of article 17, paragraph 4 of Federal Law 11,445/2007, and approve it with the necessary advance notice to ensure it is sent to ARSESP within the deadline provided for in paragraph 1 of this clause.

SECTION 8 EXPROPRIATIONS

Clause 15. The STATE and/or the MUNICIPALITY, as requested by SABESP, must:

(a) declare properties for public use, as a matter of urgency, for the purposes of expropriation or establishing administrative easement, including properties for temporary usage;

(b) establishing administrative limits and authorizing temporary occupations of fixed assets, aimed at ensuring the performance of services and works, as well as the conservation assets related to the SERVICES;

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Clause 16. To comply with obligations concerning expropriations or establishing administrative easements, SABESP must:

(a) present to the GRANTING AUTHORITY, in a timely manner, all the elements and documents required to declare the public use of properties to be expropriated or where administrative easements will be instituted, pursuant to current legislation;

(b) conduct expropriation processes or establish administrative easements, being responsible for all costs incurred thereto, including those for acquiring properties and paying indemnifications, or any other compensation due from the expropriation or establishing of easements, as well as other related burdens or charges, including for lawsuits filed by expropriated parties or occupants of private properties requesting indemnifications, also for the temporary use of properties or the relocation of assets or individuals, as well as expenses with legal costs, attorney's fees and fees for reports issued by experts.

Paragraph 1. SABESP will notify ARSESP every six months, from the signature date of this CONTRACT, regarding the progress of administrative or judicial proceedings related to expropriations, including information on indemnities paid to the expropriated parties through agreements or legal rulings.

Paragraph 2. ARSESP must incorporate into the TARIFFS:

(a) the full amount of indemnification determined by the courts, excluding costs relating to legal advisory, fees, court costs, notary fees, registration and property appraisal reports; and

(b) for the purpose of establishing parameters for efficient costs, include the indemnification amounts established for amicable expropriation, limited to the value established in the property appraisal report, prepared under applicable technical standards by a qualified expert.

Paragraph 3. ARSESP and URAE-1 may, notwithstanding SABESP's responsibility for the timeliness and completeness of the information provided, under the terms of the LICENSING, PERMITS AND AUTHORIZATIONS PLAN, participate in the institutional management and monitoring of the process for issuing and publishing declarations of properties for public use.

Paragraph 4. For the purpose of issuing declarations of public use, SABESP must submit the following documents to the GRANTING AUTHORITY:

(a) Description and survey of the areas to be expropriated;

(b) Identification of the respective owners;

(c) Indication of the purpose of the properties;

(d) Designation of the STATE or MUNICIPALITY as the winning bidder and of SABESP as responsible for conducting the expropriation process;

(e) Rules for assuming expenses related to the expropriation of properties;

(f) Indication of applicable legal provisions;

(g) Blueprint (or drawing) signed by the responsible party;

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(h) A Macro Assessment Report and individualized report, by property registration number, accompanied by the annexes that have been mentioned, including improvements, based on field observation, with estimated values obtained through real estate research and detailed a photographic report, signed by the responsible party and dated;

(i) Declaration, signed by the responsible party at SABESP stating (a) there is no incidence of municipal, state or federal area in the areas to be expropriated and (b) the respective area does not overlap with any other area included in other public use decrees;

(j) Individualized descriptive reports of the areas to be expropriated, dated and signed by the responsible party at SABESP; and

(k) Updated copy(ies) of registry(ies), or transcription of records by the competent registry office, as applicable.

Paragraph 5. If the period of 180 (one hundred and eighty) days has elapsed since the information referred to in paragraph 4 was forwarded, without the corresponding declaration of public use having been issued, URAE-1 shall assume the risks arising from such delay, unless it is proven that SABESP did not submit, or inadequately submitted, the information required in paragraph 4.

Paragraph 6. Once the declaration of public use has been published, SABESP must:

(a) Within 30 (thirty) days, proceed with the physical registration of the property at the notary's office, obtaining the respective registration data, description of the property and its physical evaluation and/or prior identification with the Municipality;

(b) Within 60 (sixty) days, propose and prove to ARSESP the filing of the relevant lawsuits for the expropriations, administrative easements or temporary occupations, with SABESP required to conduct such legal proceedings with diligence, or adopt the necessary measures to obtain extrajudicial agreements with the parties responsible for the areas.

Paragraph 7. For actions involving expropriations, administrative easement or temporary occupations, SABESP must make efforts to find a solution that minimizes the economic impact of the expropriation, considering social aspects and proposals that are technically feasible and make the best use of the lands listed in the public use declaration, aimed at balancing the execution of INVESTMENTS with the population at these locations, prioritizing temporary occupation and administrative easement over expropriation.

Paragraph 8. SABESP is prohibited from:

(a) Expropriating, temporarily occupying or establishing administrative easements of areas that are not necessary for the provision of SERVICES, except for additional areas whose expropriation is determined by law, thus recognized by judicial decisions; and

(b) Use, enjoy and dispose of the properties that were expropriated, temporarily occupied or subject to administrative easement, for purposes other than the ones necessary to provide SERVICES or to execute the INVESTMENTS.

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Paragraph 9. If the remaining areas of the expropriated region are not affected by the purpose of the CONTRACT and there is an intension for its sale or use for a purpose other than that initially foreseen, SABESP's intention must be submitted in advance to ARSESP.

Paragraph 10. If the preference right is exercised by the expropriated party or if the property's sale is approved by SABESP, the proceeds of the sale will be considered as credit in the following PERIODIC TARIFF REVISION, at the market value of the property sold.

Paragraph 11. SABESP must request, within 30 (thirty) days from the issuance of the letter of award over the property that has been expropriated or received administrative easement, or from the conclusion of the amicable expropriation process or negotiated acquisition, at its own expense, registration of the property at the Real Estate Registry Office, on behalf of the STATE or MUNICIPALITY, as guided by ARSESP.

Paragraph 12. SABESP shall be responsible for vacating properties and resettling its occupants, and/or offering temporary rent, in the event of disasters or emergency works in the water and sewage infrastructure in which the Civil Defense authority declares that the vacating of adjacent properties is required.

CHAPTER 8. EXECUTION OF SERVICES

SECTION 9 WATER SUPPLY AND SEWAGE SERVICES

Clause 17. The SERVICES must be offered in a way that meets the conditions of regularity, continuousness, efficiency, safety, timeliness, generality and courteousness, in addition to affordable TARIFFS, under the terms of ANNEX II - TECHNICAL ANNEX OF EACH MUNICIPALITY and ANNEX VII – U FACTOR, Q FACTOR AND QUALITY INDICATORS.

Paragraph 1. The SERVICES may be interrupted by SABESP, with or without prior notice to ARSESP and USERS, so long as they comply with the SERVICE REGULATIONS.

Paragraph 2. In any of the cases related to this Clause, SABESP must adopt the appropriate measures to reduce the interruption of SERVICES to what is strictly necessary.

Clause 18. The STATE and/or the MUNICIPALITY, under their respective legal authorities, must take the appropriate measures to oblige permanent urban buildings to be connected to the public water supply and sewage collection networks, pursuant to article 45 of Federal Law 11,445/07.

Clause 19. SABESP may adopt alternative solutions, individual or collective, considering the peculiarities of USERS, within the SERVICE AREA, for a single USER or for a group of USERS located in areas where traditional sanitation systems are not feasible, particularly in rural areas and informal urban centers, under the terms of this CONTRACT, to enable SERVICES to be provided, if these measures are technically compatible with:

(a) the licensing conditions issued by the environmental agency; and

(b) the terms and standards issued by ARSESP on the matter.

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Paragraph 1. Coverage goals for rural areas and informal urban centers will be required under the terms of ANNEX II – TECHNICAL ANNEX FOR EACH MUNICIPALITY.

Paragraph 2. SABESP must serve, under the terms of this CONTRACT, USERS located in rural areas as of the EFFECTIVE DATE.

Paragraph 3. SABESP must serve, under the terms of this CONTRACT and ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY, USERS located in rural areas, according to data collected for rural areas prepared under the terms established in paragraph 4, as well as update USER registries in rural areas and informal urban centers and obtain, in writing under the terms of the REGULATION, confirmation from each of these USERS regarding their interest allowing SABESP to implementation and/or operation the individual alternative solution, with USERS signing the term of responsibility regarding their decision.

Paragraph 4. SABESP must promote the hiring of a company or consortium of companies to prepare a data collection of the rural area referred to in paragraph 3, observing, as applicable, the procedure and conditions provided for in ANNEX VI – PERFORMANCE GUIDELINES FOR THE VALUATION COMPANY AND INDEPENDENT VERIFIER, also following the following specific provisions:

(a) The STATE, after ARSESP's appreciation, must make available to SABESP, by December 31, 2024, the terms of reference, containing, at least, the scope of the data collection and the qualification requirements that must be met by the hired company;

(b) SABESP must, within 30 (thirty) days from receipt of the terms of reference, prepare a list containing at least 3 (three) companies or consortiums of companies that meet the minimum hiring conditions, to be approved by ARSESP;

(c) If at least 3 (three) companies or consortiums of companies are approved, including any additional recommendations that may be necessary, ARSESP must, at the time of approval, draw lots to select one of the companies or consortium of companies to be hired by SABESP; and

(d) SABESP must formalize the hiring of the company or consortium of companies that won the draw, within 10 (ten) days from the ARSESP's statement and also submit, by December 31, 2026, the data collection produced by the hired company to be approved by the STATE, after ARSESP's appreciation, which must include the list of USERS visited and their respective decisions to allow SABESP to implement and/or operate the individual alternative solution.

Paragraph 5. USERS who have refused SABESP's actions, under the terms of aforementioned paragraph 2, will be responsible for the adequacy of the alternative solution adopted, under penalty of applicable sanctions, according to APPLICABLE LEGISLATION, and will be treated accordingly for the purpose of achieving the annual goals, under the terms provided for in ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY.

Paragraph 6. Equipment and assets of any nature intended for individual solutions, when implemented by SABESP, with or without the provision of COMPLEMENTARY ACTIVITIES, must form part of SABESP's RRB.

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Paragraph 7. For the purpose of meeting partial goals, any deviation in the initial parameters of the goals established for rural areas and informal urban centers provided for in ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY may give rise to an EXTRAORDINARY REVISION under the terms of ANNEX V – REGULATORY MODEL, previously justified in accordance with applicable technical standards and approved by ARSESP.

Paragraph 8. In relation to USERS located in rural areas and informal urban centers:

(a) SABESP is obligated to facilitate the implementation of necessary infrastructure for USERS served by collective solutions and, in the event such service is not possible and is requested by the USER, through an INDIVIDUAL SOLUTION SYSTEM FOR SUPPLY OF DRINKING WATER AND/OR SEWAGE;

(b) the remuneration for infrastructure implementation and adaptation services, as well as maintenance and cleaning services for individual solutions of these USERS who have subscribed to receive the SERVICES provided by SABESP, as well as collective solutions, will be carried out through TARIFFS;

(c) the MUNICIPALITIES and competent environmental agencies are responsible for monitoring the adequacy of the individual solution

adopted by USERS who have chosen not to allow SABESP to provide SERVICES, in accordance with paragraph 3 of this clause; and

(d) the scope mentioned in items (a) and (b) of this paragraph 8 does not apply to non-residential sewage services for USERS located in rural areas, which will be regulated by ARSESP.

SECTION 10 OPERATIONAL AND CORPORATE MANAGEMENT OF SABESP

Clause 20. URAE-1 hereby authorizes the creation of a wholly owned subsidiary by SABESP, in the form of a special purpose company, whose purpose is:

(a) to assume SABESP's shareholding in INVESTEES; or

(b) to provide SERVICES and assume this CONTRACT, in all rights, duties and obligations, provided that the transferee company has sufficient subscribed and paid-in share capital to fulfill the scope of the CONTRACT, and proves, to ARSESP, that the transferee company has available human and material resources to provide the SERVICES.

Paragraph 1. Once the corporate reorganization has been implemented, the CONCESSIONAIRE will automatically promote the succession for all purposes, rights, duties and obligations established in this CONTRACT.

Paragraph 2. The activities developed and provided by SABESP, after signing this CONTRACT, outside the SERVICE AREA and not related to the SERVICES, will not be considered ANCILLARY ACTIVITIES, given that cost sharing is proven to not exist, under regulatory accounting, whose exploration by SABESP must be conducted through the creation of an investment vehicle.

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Paragraph 3. SABESP's accounting and financial information and statements must be audited by a specialized, independent, reputable auditing firm with renowned specialization, which has audited companies that are publicly traded on B3 in the last two fiscal years.

Paragraph 4. Information regarding shared costs between SABESP and its subsidiaries must be included in SABESP's regulatory accounting and must comply with ARSESP regulations, in particular regarding its implementation until the maximum deadline of December 31, 2026, pursuant to ANNEX V – REGULATORY MODEL.

Paragraph 5. The specialized auditing firm must also verify compliance with the provisions concerning RELATED PARTIES, regardless of SABESP's accounting or governance regime.

Clause 21. SABESP may explore, regardless of prior authorization, the SUPPLEMENTAL ACTIVITIES listed in ANNEX V – REGULATORY MODEL by practicing OTHER PRICES that will be adjusted in accordance with the ADJUSTMENT rule of this CONTRACT.

Paragraph 1. The exploration of SUPPLEMENTAL ACTIVITIES other than the ones listed in ANNEX V – REGULATORY MODEL must be previously approved by ARSESP, notwithstanding the possibility of reviewing the list contained in ANNEX V – REGULATORY MODEL within the scope of PERIODIC

TARIFF REVISIONS or EXTRAORDINARY REVISIONS, to incorporate SUPPLEMENTAL ACTIVITIES whose exploration must be previously authorized.

Paragraph 2. The sharing, for the purpose of tariff affordability, of the amounts earned by SABESP as ADDITIONAL REVENUE and revenues from ASSOCIATED PROJECTS and OTHER PRICES will follow the system set out in ANNEX V – REGULATORY MODEL.

Clause 22. Provided the conditions required in SABESP's corporate documents are met, as well as in APPLICABLE LEGISLATION, in particular State Law 17,853/2023, if possible, any consolidation or transfer of a direct CONTROL of SABESP shall depend on prior approval by ARSESP.

Paragraph 1. The prior consent required in Clause 22, under penalty of nullity, includes acts that imply the transfer of a direct CONTROL of SABESP, even when indirect control remains under the same economic group.

Paragraph 2. For the purpose of this CONTRACT, the direct holder of CONTROL power over SABESP is understood to be the natural or legal person, or a group of parties linked by a voting agreement, or under common control, part of SABESP’s direct shareholding structure meeting the conditions provided for in this CONTRACT.

Paragraph 3. Modifications in SABESP’s shareholding structure do not require prior consent and approval by ARSESP if the parties originally holding direct CONTROL of SABESP maintain a sufficient shareholding position to continue exercising the power of CONTROL of the Company, without including third parties who were not part of SABESP’s controlling block prior to the modification.

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Paragraph 4. The transfer referred to in this clause will only be authorized by ARSESP if it does not hamper or jeopardize the execution of the CONTRACT and cannot be denied by ARSESP without being duly justified.

Paragraph 5. The indirect transfer of CONTROL referred to in this aforementioned clause is not subject to prior consent by ARSESP.

Paragraph 6. In the event an intermediate corporate structure is created between SABESP and its CONTROLLER, any change in the controlling power of said intermediate corporate structure shall be considered a transfer of direct CONTROL of SABESP.

Paragraph 7. For the purpose set out in this Clause, the following must be submitted to ARSESP:

(a) Proof of economic and financial capacity to comply with the INDICATORS AND GOALS FOR COVERAGE AND LOSSES, using a methodology defined by ARSESP;

(b) Investment Plan to be approved upon instruction from ARSESP;

(c) Legal qualification documents, through current articles of incorporation, including for the manger and administrator of investment funds, under the terms of the current regulations, including the presentation of;

(d) Corporate taxpayer ID card (*cartão CNPJ*), including for the manger and administrator of investment funds;

(e) A complete corporate organizational chart, indicating the proposed corporate structure after the desired corporate transaction has been completed;

(f) Documents related to the desired corporate transaction, such as a draft of the shareholders' agreement, copies of minutes of SABESP shareholders' or partners' meeting, correspondence, audit reports and financial statements;

(g) Certificate of regularity with the Severance Pay Guarantee Fund (FGTS) valid for the period stated therein. For investment funds, the required document must be presented on behalf of the administrator and/or manager, under applicable regulations;

(h) Proof of tax compliance with the National Treasury, by means of a Debt Clearance Certificate (or Positive Clearance Certificate with the same effect) relating to federal taxes and the outstanding debt with the Federal Government. For investment funds, the required document must be presented on behalf of the administrator and/or manager, under applicable regulations;

(i) Proof of tax compliance with state and municipal treasuries (referring to property and real estate taxes), from the interested party's domicile or headquarters, dated no longer than 180 (one hundred and eighty) days prior to its presentation. For investment funds, the required document must be presented on behalf of the administrator and/or manager, under applicable regulations;

(j) Debt Clearance Statement for labor debts, pursuant to Law 12,440, of July 7, 2011. For investment funds, the required document

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must be presented on behalf of the administrator and/or manager, under applicable regulations; and

(k) A compliance statement for job positions held by people with disabilities and those rehabilitated by Social Security, as provided for by law and other specific regulations.

Paragraph 8. The requirements set forth in items (a) and (b) of aforementioned paragraph 7, shall only be enforceable in the event of non-compliance with the INDICATORS AND GOALS FOR COVERAGE AND LOSSES that have not been remedied at the time of submitting the request referred to in this clause.

Paragraph 9. ARSESP must decide on the request provided for in the caput within 30 (thirty) days, which can be extended once for the same length of time.

Paragraph 10. ARSESP may request additional information, granting a deadline compatible with said requested so the interested party may present it. The request for presenting additional information by ARSESP suspends the analysis period provided for in aforementioned paragraph 9.

Paragraph 11. The change referred to in this Clause, without prior consent by ARSESP, before the transaction has been formalized, shall result in the

application of the sanctions provided for in this CONTRACT and its ANNEXES, and ARSESP may, in addition to the application of penalties:

(a) Determine, when subsequent approval is possible, that the proponent presents the relevant documentation and resolves any pending issues, even if extemporaneously;

(b) Determine that SABESP returns to the *status quo ante*, either through actions carried out by SABESP itself, undoing the corporate change or performing corporate acts that return the share capital to the company who originally held the shares, or through an act carried out by URAE-1 itself or ARSESP, seeking the annulment of the corporate change, under the provisions of article 35, item I, of Federal Law No. 8,934/1994; and

(c) If it is not possible to overcome the change in the shareholding structure for SABESP or its CONTROLLERS, recommending that URAE-1 chooses to declare the concession void, implying in the consequences provided for in this CONTRACT.

Paragraph 12. The transfer referred to in this clause will not change the obligations of SABESP and its CONTROLLERS with ARSESP and URAE-1.

SECTION 3 SABESP'S COMPLIANCE AND INTEGRITY PLAN

Clause 23. SABESP must have a COMPLIANCE AND INTEGRITY PLAN, in accordance with APPLICABLE LEGISLATION and REGULATION, containing, among other purposes and objectives:

(a) Internal mechanisms and procedures, with rules of integrity, auditing and encouragement to report irregularities; and

(b) Codes of ethics and conduct, as well as policies and guidelines, aimed at detecting and correcting deviations, fraud, irregularities and illegal acts committed

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against the Public Administration, all in compliance with Federal Law 12,846/13 and state Decree 67,301/2022.

Paragraph 1. The COMPLIANCE AND INTEGRITY PLAN must provide that one of SABESP's areas shall be responsible for applying, managing and monitoring the activities provided for therein, under the principles of autonomy, independence and impartiality to coordinate control activities and also having sufficient material, human and financial resources for its regular operations.

Paragraph 2. The COMPLIANCE AND INTEGRITY PLAN, as well as the codes of ethics and conduct must be reviewed in periods no longer than 2 (two) years, and, if necessary, updated to ensure their effectiveness.

CHAPTER 9. LINKED AND NON-LINKED ASSETS

Clause 24. LINKED ASSETS held by SABESP when signing this CONTRACT must be continuously inventoried, pursuant to the terms of the Asset Control Manual published by ARSESP, and this inventory must follow the RAB UPDATE and maintained updated within the scope of each PERIODIC TARIFF REVISION, after being validated by ARSESP.

Clause 25. SABESP will ensure the integrity of the LINKED ASSETS and NON-LINKED ASSETS related to the SERVICES provided.

Clause 26. The LINKED ASSETS to the SERVICES provided must be duly registered in accordance with ANNEX V – REGULATORY MODEL, to be identified and undergo asset evaluation, which are periodically audited and approved by ARSESP.

Clause 27. SABESP must hire and pay a VALUATION COMPANY and INDEPENDENT VERIFIER, in accordance with ANNEX V – REGULATORY MODEL.

Paragraph 1. The VALUATION COMPANY and INDEPENDENT VERIFIER will be hired and act in accordance with ANNEX VI – PERFORMANCE GUIDELINES FOR THE VALUATION COMPANY AND INDEPENDENT VERIFIER and may be the same legal entity.

Clause 28. Assets related to private projects resulting from urban land subdivisions and others, will be assumed by SABESP for their operation and maintenance, provided that the respective projects are duly approved, which must be accounted for, reimbursed, in the cases of article 18-A, sole paragraph, of Federal Law 11,445/2007, and reversed in accordance with the SERVICE REGULATION.

Clause 29. The following need to receive previous authorization by ARSESP to be sold, assigned, encumbered, given as a loan or as a guarantee, seized, pledged, or expropriated in any way, observing the exceptions provided for in this CONTRACT:

(a) LINKED ASSETS, during the term of the CONTRACT; and

(b) fixed NON-LINKED ASSETS until the UNIVERSALIZATION has been achieved by SABESP.

Paragraph 1. From the signing of this CONTRACT, SABESP shall be responsible the possession, custody, maintenance and surveillance of LINKED ASSETS, and the Company may not refuse to receive any assets that fall within the definition of LINKED ASSETS, set forth in Clause 1, even if it considers them to be useless for the provision of SERVICES, except if in consensus with URAE-1.

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Paragraph 2. All LINKED ASSETS must be kept fully operational by SABESP, except for those that have been deactivated, and in good condition during the entire term of the CONTRACT, and SABESP must carry out, at its own expense, repairs, renovations and adaptations necessary for the good performance of the SERVICES, under the terms provided for in this CONTRACT.

Paragraph 3. SABESP is expressly authorized to propose, on its own behalf, legal measures to secure or recover possession of the LINKED ASSETS.

Paragraph 4. LINKED ASSETS must be duly registered in SABESP's accounting records, so as to allow their easy identification by ARSESP, including their distinction between NON-LINKED ASSETS, in compliance with current accounting standards and the Regulatory Accounting defined by ARSESP.

Paragraph 5. Any for form of disposal of fixed NON-LINKED ASSETS and fixed LINKED ASSETS is subject to prior approval, by ARSESP, based on an independent appraisal report of the asset, prepared in accordance with applicable technical standards, being understood that 50% (fifty percent) of the net value of the sale, assignment or transfer of any nature of these assets must be shared for the purpose of reasonable tariff.

Paragraph 6. Authorization for any form of disposal of LINKED ASSETS is subject to:

(a) a formalization, by ARSESP, to unlink the asset with SERVICES assets after such request has been made by SABESP; and

(b) a replacement, by SABESP, of the assets with others that ensure the continuity and perfect provision of the SERVICES, without interruption, under the terms of this CONTRACT, which must be informed to ARSESP, within 15 (fifteen) days, for the UPDATE OF THE RRB.

Paragraph 7. ARSESP will comment on requests for the disposal of:

(a) LINKED ASSETS, within a period compatible with the complexity of the situation, not exceeding 60 (sixty) days from the receipt of the request for prior consent, accompanied by all necessary documentation, by SABESP; and

(b) fixed NON-LINKED ASSETS, within a period of up to 30 (sixty) days, which can be extended once for the same length of time, from the receipt of the request for prior consent, accompanied by all necessary documentation, by SABESP.

Paragraph 8. SABESP must immediately replace LINKED ASSETS at the end of their useful life with new and similar assets, of equal or superior quality, when necessary for the continuity of the SERVICES provided and in compliance with the purpose of this CONTRACT, particularly to meet the INDICATORS AND GOALS FOR COVERAGE AND LOSSES, in compliance with applicable contractual provisions.

Paragraph 9. The replacement of LINKED ASSETS during the term of the CONTRACT, even if qualified as a mere common replacement, will be considered, must comply with the REGULATION and ANNEX V – REGULATORY MODEL for the purposes of establishing TARIFFS.

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Paragraph 10. ARSESP may, during the term of the CONTRACT, communicate SABESP on situations in which the prior consent referred to in this clause is waived, provided the provisions of this CONTRACT are observed and the requirements established in said communication are met.

Paragraph 11. URAE-1, through the technical committees created in accordance with its governance rules, and ARSESP may carry out inspections of LINKED ASSETS, aimed at assessing their operational conditions.

Paragraph 12. LINKED ASSETS, including movable or fixed asset acquired by SABESP, in any way for the performance of the SERVICES, affected by the operation, will be considered non-commercial assets and may not, under any circumstances, be transferred, alienated, encumbered, leased, given as a loan or guarantee, or in any other way be permitted to be occupied, seized, pledged or any measure of the same nature, except if provided for in this CONTRACT.

Paragraph 13. All legal transactions between SABESP and third parties involving LINKED ASSETS must expressly mention their connection to the concession, observing, in the cases provided for in this CONTRACT, the need for ARSESP's consent prior to signing the legal transaction.

Paragraph 14. Other assets employed or used by SABESP, which qualify as NON-LINKED ASSETS, shall be considered exclusively as private assets and will not form the RBB, and may be freely used and transferred by SABESP, notwithstanding its responsibility to comply with the INDICATORS AND GOALS FOR COVERAGE AND LOSSES and other provisions of this CONTRACT.

(a) Specifically for movable NON-LINKED ASSETS, the amounts earned by SABESP from the sale, assignment or transfer of any kind will be considered, for all purposes, as ADDITIONAL REVENUE.

CHAPTER 10. FINANCING AND GUARANTEES FOR THE FUNDERS

Clause 30. SABESP is solely and exclusively responsible for obtaining the financing necessary for the normal course of the SERVICES and to fully execute the purpose of CONTRACT, so as to fully and timely fulfill all obligations assumed in this CONTRACT.

Paragraph 1. SABESP may not claim any provision, clause or condition of the financing contract(s), or any delay in the disbursement of funds, to exempt itself, entirely or partially, from the obligations assumed in this CONTRACT, whose terms must be fully known by the funders.

Paragraph 2. SABESP may, after prior consent from ARSESP, grant the rights arising from this CONTRACT as collateral to its funders, under the terms provided by law, if the funding operation: (i) is directly related to this CONTRACT; and (ii) does not compromise the continuity and adequacy of the SERVICES provided.

Paragraph 3. SABESP may, after prior consent from ARSESP, offer emerging rights arising from the SERVICES as collateral in funding operations of SERVICES, including raising funds on the market, debt operations or similar, through assignment, including fiduciary, usufruct, pledge or fiduciary disposal, titles, securities and their respective income, related to SABESP.

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Paragraph 4. The collateral referred to in paragraph 2 may be offered in contracts that are ancillary or complementary to financing contracts, when intended to ensure the ability for the concession to finance itself or to mitigate risks assumed by SABESP, such as contracts intended to grant real guarantees or surety bonds, to raise funds on the market, to obtain insurance or to protect SABESP against changes in the price of an asset (hedge).

Paragraph 5. Any and all rights, revenues and receivables from the concession, including TARIFFS, ADDITIONAL REVENUES and SUPPLEMENTAL REVENUES, are considered rights arising from the CONTRACT.

Paragraph 6. SABESP's shareholders are hereby authorized to assign, transfer or put liens on the shares they hold in SABESP, notwithstanding the need for prior consent from ARSESP for operations that may result in a change in SABESP's corporate control.

Paragraph 7. Any payments due by URAE-1, the STATE or MUNICIPALITIES to SABESP, as compensation and indemnities, may be paid directly to the funders, in compliance with the terms set forth in the guarantee instruments signed within the scope of the financing.

(a) In the event of direct payments made to the funders, such payments will settle the obligations held by SABESP, in the amount actually disbursed to the funders.

Paragraph 8. The prior consent required in paragraphs 2 and 3 of this Clause is limited to instruments signed by SABESP as o EFFECTIVE DATE and is not applicable to instruments that came into effect prior to the signing of this CONTRACT.

TTILE VI. ECONOMIC AND FINANCIAL REGIME

CHAPTER 11. SERVICE EXPLOITATION REGIME

Clause 31. The SERVICES provided by SABESP shall be remunerated by the receipt of EQUILIBRIUM TARIFFS, the SUPPLEMENTAL ACTIVITIES shall be remunerated through OTHER PRICES, and the ANCILLARY ACTIVITIES by ADDITIONAL REVENUE, in compliance with the provisions of this CONTRACT, ANNEX V – REGULATORY MODEL, in LEGISLATION and the REGULATION.

CHAPTER 12. REVENUES

SECTION 11 TARIFF REVENUE AND SUPPLEMENTAL ACTIVITIES

Clause 32. The TARIFF REVENUE shall comply with the provisions of APPLICABLE LEGISLATION, the REGULATION and this CONTRACT.

Clause 33. It will be up to ARSESP to define the value of the TARIFFS and approve the table for OTHER PRICES proposed by SABESP, according to ANNEX V – REGULATORY MODEL, in compliance with

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guidelines of Federal Law 11,445/07, State Decree 41,446/1996, in APPLICABLE LEGISLATION, the REGULATION, the ANNEXES, and this CONTRACT.

Clause 34. The tariff structure and TARIFFS established in this CONTRACT must ensure both the economic and financial balance of the CONTRACT signed with SABESP for the SERVICES, as well as the tariff affordability, which will occur under the provisions of ANNEX VIII – INITIAL TARIFF FORMATION and ANNEX V – REGULATORY MODEL.

Paragraph 1. The TARIFFS must be sufficient to guarantee the UNIVERSALIZATION, in particular for low-income populations and locations, under the terms of this CONTRACT and its ANNEXES.

Paragraph 2. Any differences between the billing in the effective market for the APPLICATION TARIFF and what would be billed considering the EQUILIBRIUM TARIFF must be determined according to APPENDIX I to ANNEX V – REGULATORY MODEL.

Paragraph 3. Any positive balance existing under the terms of aforementioned paragraph 2 must be capitalized under the terms of APPENDIX I to ANNEX V – REGULATORY MODEL and must be used to ensure the remuneration due to SABESP when the APPLICATION TARIFF is lower than the EQUILIBRIUM TARIFF, always prior to using FAUSP funds.

Paragraph 4. The use of the positive balance for the purposes of aforementioned paragraph 3, must be comply with APPENDIX I to ANNEX V – REGULATORY MODEL.

SECTION 12 ADJUSTMENT

Clause 35. The procedures for the ADJUSTMENT will be carried out annually in accordance with ANNEX V – REGULATORY MODEL

CHAPTER 13. RISK ALLOCATION AND ECONOMIC-FINANCIAL BALANCE

SECTION 13 RISK ALLOCATION

Clause 36. For each PERIODIC TARIFF REVISION or EXTRAORDINARY REVISION process triggered in the specific cases and terms provided for in ANNEX V – REGULATORY MODEL, ARSESP must consider, for the purpose of establishing TARIFFS, that SABESP assumes responsibility, burdens and impacts, including in the Q FACTOR and U FACTOR, arising from the following events:

(a) Flaws, errors, and omissions in the engineering projects necessary for the execution of the INVESTMENTS, including the execution methodology and/or technology used by SABESP, or in the data collection that supported them;

(b) Losses arising from flaws or errors in the SERVICES provided or in the execution of INVESTMENTS, flaws, errors or omissions in INVESTMENTS, regardless if accepted by ARSESP, as well as flaws in equipment and errors caused by subcontractors, suppliers, third parties, service providers and/or any other natural person or legal entity related to the execution of the purpose of the CONTRACT;

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(c) Costs arising from obsolescence, instability and malfunction of the technology used by SABESP in the SERVICES;

(d) Costs arising from lawsuits, arbitration proceedings or administrative proceedings filed against SABESP, except if the facts are attributable or risks are allocated to URAE-1, ARSESP, the STATE or MUNICIPALITIES;

(e) Court decisions that suspend or jeopardize investments or the SERVICES provided, or that interrupt, suspend or reduce the collection of the TARIFF, as well as, in any case, its adjustment or review, provided that, in any case, SABESP has caused the decision, by action or omission, incompatible with the obligations provided for in this CONTRACT;

(f) Problems, delays, inconsistencies, suspension, interruption or intermittency in the supply of public utilities, including water, electricity, gas and internet, for which SABESP has been the cause;

(g) Theft, robbery, destruction, loss or damage to construction sites or LINKED ASSETS, which have been materialized not due an act or fact attributable to URAE-1, ARSESP, the STATE or MUNICIPALITIES, or due to a risk allocated to URAE-1;

(h) Frustration or variation in collecting TARIFFS, OTHER PRICES, revenues from ASSOCIATED PROJECTS and ADDITIONAL REVENUES, in relation to those established by ARSESP in ADJUSTMENTS, PERIODIC TARIFF REVISIONS and EXTRAORDINARY REVISIONS, under ANNEX V – REGULATORY MODEL;

(i) Impacts to ANCILLARY ACTIVITIES, even with variations in collecting OTHER PRICES, revenue from ASSOCIATED PROJECTS and ADDITIONAL REVENUE, due to the creation and/or extinction of taxes or changes in tax legislation or regulation;

(j) Creation, extinction or alteration in taxes, legal charges or tax regulations that:

i. are levied on income; or

ii. have, as a triggering event, activities carried out by subcontractors, suppliers, outsourced parties and service providers or any other natural person or legal entity linked to SABESP, when such activity could not, under reasonable market circumstances, be carried out directly by SABESP itself;

(k) Risks related to the hiring of mandatory insurance, respecting the deadlines, limits and rules established in this CONTRACT, including the risk of eventual difficulty or unfeasibility of executing insurance and guarantees by URAE-1 or ARSESP, that would result in the right to their execution, requiring more costly measures to meet the credit for URAE-1 or ARSESP;

(l) Costs and delays resulting from lateness in obtaining licenses, authorizations and/or permissions, including environmental ones, necessary to execute the purpose of the CONTRACT, including the construction, implementation or operation of activities, resulting from non-compliance, by

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SABESP, with the terms and conditions contained in the LICENSING, PERMITS AND AUTHORIZATIONS PLAN approved by ARSESP;

(m) Adaptation to the current regulation exercised by URAE-1, ARSESP, the STATE, MUNICIPALITIES, and other agents, bodies or supervisory entities whose attributions includes the activities under the purpose of this CONTRACT;

(n) SABESP's business, financial, economic, accounting and tax planning;

(o) Technological updates and other measures required to maintain the INDICATORS AND GOALS FOR COVERAGE AND LOSSES established in the CONTRACT;

(p) Possible loss of LINKED ASSETS not covered by insurance policies available in Brazil and hired by SABESP or by the manufacturer's warranty;

(q) Negligence, incompetence or recklessness of people working for SABESP, whether they are employees, outsourced or subcontractors, suppliers, outsourced and service providers or any other natural person or legal entity linked to SABESP;

(r) Inefficiencies or economic losses resulting from flaws, negligence, incompetence, or omission, by SABESP, in fulfilling the purpose of this CONTRACT;

(s) Any problems, of any nature, arising from the relationship between SABESP and its contractors.

Paragraph 1. The following events are considered to be acts of unforeseeable nature force majeure, with the consequences established in this CONTRACT, as defined in civil law and which have a direct impact on the course of concession activities, including:

(a) National or international wars that directly affect the execution of contracts;

(b) Acts of terrorism;

(c) Nuclear, chemical or biological contamination, including epidemics and pandemics, as declared by national health authorities or the World Health Organization, and which produce relevant effects on SABESP's activities, except if these acts are caused by SABESP;

(d) Trade embargo by a foreign nation; and

(e) Natural events, such as earthquakes, hurricanes or floods, when their impacts cannot be avoided or mitigated by preventive measures reasonably required by SABESP.

Paragraph 2. Failure to comply with contractual obligations, including those relating to the achievement of milestones, demonstrably resulting from unforeseeable circumstances or force majeure, under the terms of this CONTRACT and ANNEXES, shall not be subject to penalty.

Paragraph 3. The PARTY who cannot fulfill its obligations due to an unforeseeable event or force majeure must notify the other PARTY of such event, within 48 (forty-eight) hours.

Paragraph 4. An event characterized as an unforeseeable event or force majeure shall not be considered, for the purpose of restoring the economic-financial balance of the CONTRACT if, at the time of its occurrence, it corresponds to an event that has been covered by the insurance market for at least

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6 (six) months, regardless if SABESP has hired said insurance, up to the limit of the average indemnification values under normal market practices, observing the distribution of risks established in this CONTRACT, notwithstanding the when the cost of hiring the insurance when incorporated into the TARIFFS.

Paragraph 5. In the event of an act of unforeseeable nature or force majeure, unless ARSESP gives other instructions in writing, SABESP shall continue to fulfill its obligations arising from the CONTRACT, to the extent reasonably possible, and will seek, by all available means, to fulfill those obligations not prevented by said event of unforeseeable nature or force majeure, being URAE-1 responsible, in the same way, for fulfilling its obligations not prevented by the event of unforeseeable nature or force majeure.

Paragraph 6. In the event of a proven act of unforeseeable nature or force majeure, the financial repercussions on the INDICATORS AND GOALS FOR COVERAGE AND LOSSES that have been impacted by the occurrence will be suspended, until the situation is normalized, and its effects have ceased.

Paragraph 7. The PARTIES and ARSESP undertake to employ all necessary measures and actions in order to minimize the effects arising from events of unforeseeable nature and force majeure.

Clause 37. For each PERIODIC TARIFF REVISION or EXTRAORDINARY REVISION process triggered in the specific situations and terms provided for in ANNEX V – REGULATORY MODEL, ARSESP must consider the risks arising from the following events are allocated to URAE-1:

(a) Judicial or administrative decisions that suspend or harm the execution of INVESTMENTS, or the SERVICES provided, or that interrupt, suspend or reduce the collection of TARIFFS, as well as, in any case, their adjustment or review, except in events where SABESP has caused the decision or if this CONTRACT provides for the allocation of the associated risk to SABESP;

(b) Delays or failure to perform SABESP's obligations caused by the delay or omission of URAE-1, the STATE, the MUNICIPALITIES or ARSESP in carrying out the activities and obligations assigned to them in this CONTRACT;

(c) Changes to the REGIONAL SANITATION PLAN that impact the SERVICES, except when the change is a risk that has been allocated to SABESP;

(d) Delays, stoppages, losses, costs or additional investments resulting from events of unforeseeable nature or force majeure that have incalculable consequences, or that, under normal market conditions, cannot be the purpose for hiring insurance coverage offered in Brazil, for at least 6 (six) months, by at least 2 (two) insurance companies, or in the event the amounts corresponding to the portion that exceeds the average of the amounts indemnifiable by policies under normal market practices, regardless, in the latter case, if SABESP has hired them;

(e) Delays resulting from delays in obtaining licenses, authorizations and/or permissions, including environmental ones, necessary to execute the purpose of the CONTRACT, including construction, implementation or operational activities, when demonstrably resulting from non-compliance with legal and regulatory deadlines by the administrative authorities , the terms of the LICENSING, PERMITS AND AUTHORIZATIONS PLAN approved by ARSESP, unless SABESP has not taken all appropriate measures to avoid the delay, or has contributed negligently or intentionally to its causing;

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(f) Creation, extinction or alteration of taxes, legal charges or tax regulations that are not related to the creation, extinction or alteration of taxes or contributions levied on income, and:

i. have a direct impact on the TARIFFS or expenses related to the payment of tax obligations for which SABESP is the taxable entity, under the terms of article 121 of the National Tax Code, in particular those related to the execution of the purpose of this CONTRACT; or

ii. have, as a triggering event, activities carried out by subcontractors, suppliers, outsourced parties and service providers or any other natural person or legal related to the execution of this CONTRACT, when such activity cannot, under reasonable market circumstances, be carried out directly by SABESP itself;

iii. For the purposes of the risk described in this paragraph, the effective implementation of Constitutional Amendment 132, of December 20, 2023, shall be considered as the creation, extinction or alteration of taxes, and SABESP must include, as a contractual premise, the tax levied without the modifications introduced by the amendment;

iv. The risk described in this paragraph shall not be assumed by the GRANTING AUTHORITY regarding the exploitation of ADDITIONAL REVENUE, SUPPLEMENTAL REVENUE and revenue from ASSOCIATED PROJECTS, which will be carried out and explored under SABESPs sole responsibility, with the tax risk being attributed to it;

(g) Impacts arising from the creation, revocation or revision of standards issued by ANA, URAE-1, ARSESP, the STATE or MUNICIPALITIES, including in relation to MUNICIPAL FUNDS, on the activities that are under the purpose of this CONTRACT, except for those that are merely for procedural and standardization purposes;

(h) Unilateral modification, imposed by URAE-1 or ARSESP, regarding the conditions for executing the CONTRACT, including changes in ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY on the goals established in this CONTRACT;

(i) Change in the volume of funds transferred by FAUSP or any other budgetary mechanism, which was not considered when defining the TARIFFS;

(j) An act carried out by the STATE that effectively burdens the execution of the CONTRACT, except when such act or fact characterizes a risk that has already been specifically and expressly attributed to SABESP in this CONTRACT;

(k) Additional costs and/or deadlines for construction, operation and/or maintenance resulting from actions or omissions by URAE-1, ARSESP, the STATE or MUNICIPALITIES, as well as failure to comply with the obligations established in this CONTRACT;

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(l) Costs or delays related to the prospecting and recovery of historical, archaeological or paleological discoveries found at the properties needed for the execution of the INVESTMENTS;

(m) Strikes by employees of URAE-1, the STATE, MUNICIPALITIES or ARSESP that demonstrably impact the provision of SERVICES;

(n) Critical situations of scarcity in water resources in the water bodies that supply the SERVICE AREA, being this extraordinary and beyond the usual operational control of SABESP, and provided that (i) it is demonstrably the result of extreme and unpredictable climate events; (ii) it has been declared by the respective water resources management body; (iii) it has been determined under the ISH - Water Security Index disclosed by ARSESP, based on the assumption and criteria established in the National Water Security Plan - PNSH published in 2019 by ANA - National Water and Basic Sanitation Agency and further updates; (iv) SABESP is in compliance with the long-term water supply planning agreed with ARSESP and (v) SABESP has implemented the specific contingency plan for events relating to water scarcity previously approved by ARSESP;

(o) Impacts resulting from the removal of interferences that harm or impede the execution of the CONTRACT, understood as the infrastructures required to provide other public services that have already been implemented, and provided it is proven that (i) the interferences are

not available in records or publicly accessible databases, in the City Halls of the MUNICIPALITIES and in the concessionaires providing public services; and (ii) SABESP has adopted all measures within its reach, at administrative and judicial levels, making its best efforts to anticipate and avoid any impacts on the fulfillment of its obligations;

(p) The effective disbursement, or court deposit, of amounts for collecting the Urban Property and Land Tax, a municipal tax levied on properties ("IPTU") or the Rural Land Property Tax ("ITR"), levied on part or all of the SERVICE AREA and which are no longer subject to payment by SABESP until the EFFECTIVE DATE of this CONTRACT, including for changes in tax classification by applicable municipal legislation;

(q) Unavailability of electricity to provide the SERVICES, when SABESP has adopted all necessary measures required under the terms of this CONTRACT, ANNEXES and REGULATION, to ensure the continuity of the SERIVCES; and

(r) The lack of obtaining tax credits effectively from the subsidies granted with FAUSP funds, under Federal Law 14,789/2023, as amended.

Paragraph 1. Regardless of the risk allocation provided for in this Section 13, investments not made by SABESP may not be recognized in the RRB, nor will any financial losses be considered from the lack of increase in the RRB due to unrealized investments.

Paragraph 2. Failure to meet the INDICATORS AND GOALS FOR COVERAGE AND LOSSES demonstrably due to failure by MUNICIPALITIES or the STATE in executing administrative acts, including police force, constitutes an exclusion of liability for

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SABESP for the purpose of applying penalties and eventual reductions in the EQUILIBRIUM TARIFF, under the terms of ANNEX II – TECHNICAL ANNEX FOR EACH MUNICIPALITY, ANNEX V – REGULATORY MODEL and ANNEX VI – U FACTOR, Q FACTOR AND QUALITY INDICATORS, being that
unrealized investments cannot be recognized in the RRB, nor will any financial losses incurred be considered for the purposes of TARIFF REVENUE, including within the scope of the PERIODIC TARIFF ADJUSTMENT or TARIFF REVISION.

SECTION 14 ECONOMIC-FINANCIAL BALANCE

Clause 38. ARSESP shall be responsible for ensuring the economic and financial balance of this CONTRACT, which must be maintained whenever the TARIFF of each TARIFF CYCLE, as applicable, is sufficient to meet the obligations assigned to SABESP, the costs and investments due, as well as to remunerate the capital employed, meeting the conditions of the CONTRACT and its ANNEXES, as established in ANNEX V – REGULATORY MODEL, and respecting the risk allocation of this CONTRACT.

Paragraph 1. In the event of an EXTRAORDINARY REVISION, the new TARIFFS or OTHER PRICES should be preferentially be aimed at restoring the economic-financial balance, under the provisions of ANNEX V – REGULATORY MODEL, and URAE-1 may, alternatively, upon prior and substantiated recommendation from ARSESP, exceptionally choose the

following modalities, always seeking to ensure the continuity of the SERVICES provided and to preserve the payment capacity of the financing contracts signed by SABESP for the execution of the purpose of the CONTRACT:

(a) reimbursement or compensation to SABESP, through funds from FAUSP, the STATE or the MUNICIPALITY(IES), in compliance with the provisions of paragraph 3, and the regulatory terms of URAE 1 - SOUTHEAST;

(b) alteration, anticipation or postponement of INVESTMENTS, provided that such measure does not impact the UNIVERSALIZATION by December 31, 2029;

(c) change in the sharing rate of ADDITIONAL or SUPPLEMENTAL REVENUE;

(d) alteration, anticipation or postponement of deadlines included in this CONTRACT and its ANNEXES, provided that such measure does not impact the UNIVERSALIZATION by December 31, 2029; and

(e) the combination of the previous modalities.

Paragraph 2. In addition to the methods listed in aforementioned paragraph 1, the restoration of the economic-financial balance of the CONTRACT through the EXTRAORDINARY REVISION may also be carried out under the following methods, which are subject to prior agreement by SABESP:

(a) payment, in kind, for assets and/or transfer of property income;

(b) assumption by URAE-1, the STATE or the MUNICIPALITIES, of costs attributed by the CONTRACT to SABESP, in compliance with the provisions of the regulatory terms of URAE 1-SOUTHEAST; and

(c) the combination of the previous modalities or others approved by legislation.

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Paragraph 3. When choosing the means to restoration of the economic and financial balance of the CONTRACT through the EXTRAORDINARY REVISION, URAE-1 shall consider:

(a) the frequency and value of payments due and payable, by SABESP, relating to financing contracts signed by SABESP to execute the purpose of the CONTRACT;

(b) the importance of avoiding mechanisms that, even if they generate balance in the long term, may create a cash flow fragility for SABESP; and

(c) the payment capacity of FAUSP, considering the short- and long-term availability of the funds provided for in article 5 of State Law 17,853/2023, as well as under the powers provided for in article 7 and the need to comply with the provisions of the sole paragraph of article 2, both of State Law 17,853/2023 and related to regulatory standards.

SECTION 15 PERIODIC TARIFF REVISIONS

Clause 39. ARSESP must define, in the PERIODIC TARIFF REVISION, the TARIFF for the following TARIFF CYCLE, establishing the REQUIRED REVENUE based on the amounts necessary to remunerate the costs incurred in providing the SERVICES, under the regime of efficiency, and the INVESTMENTS made in a

careful manner, under the terms and conditions of ANNEX V – REGULATORY MODEL.

Paragraph 1. The PERIODIC TARIFF REVISIONS are aimed at simultaneously seeking to:

(a) ensure the maintenance of the economic and financial balance of the CONTRACT by setting the EQUILIBRIUM TARIFFS for the following TARIFF CYCLE, under the assumptions, calculation methodology and other rules set forth in ANNEX V – REGULATORY MODEL; and

(b) ensure tariff affordability, under the terms of the CONTRACT, including and this ANNEX, including through the distribution of technological efficiency gains via X FACTOR, operational efficiency gains, and the results obtained from ADDITIONAL REVENUES and SUPPLEMENTAL REVENUES, under the assumptions, calculation methodology and other rules set forth in ANNEX V – REGULATORY MODEL.

Paragraph 2. The assumptions and methodology for determining the REQUIRED REVENUE and TARIFFS for the following TARIFF CYCLE, to comply with the provisions of this Clause, as well as any procedures and limits for their periodic assessment for social control purposes, as applicable, are established in ANNEX V – REGULATORY MODEL.

Paragraph 3. ARSESP's actions must observe the assumptions, calculation methodologies and other rules established in ANNEX V – REGULATORY MODEL for carrying out ADJUSTMENTS, RAB UPDATES, PERIODIC TARIFF REVISIONS and EXTRAORDINARY REVISIONS.

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SECTION 16 MONITORING THE EVOLUTION OF INVESTMENTS AND AMORTIZATION

Clause 40. ARSESP shall be responsible, supported by the VALUATION COMPANY, for monitoring the evolution of INVESTMENTS as well as their amortization or depreciation, for the purposes of the RAB UPDATE, in accordance with ANNEX V – REGULATORY MODEL and ANNEX VI – PERFORMANCE GUIDELINES FOR THE VALUATION COMPANY AND INDEPENDENT VERIFIER.

TITLE VII. CONTRACT MANAGEMENT

CHAPTER 14. SOCIAL CONTROL

Clause 41. URAE-1 shall be responsible for establishing the mechanisms for social control of the SERVICES, notwithstanding others provided for in ARSESP regulations.

Sole paragraph. Under the Law, the exercise of social control may include representatives from MUNICIPALITIES, the STATE, ARSESP, SABESP and civil society.

CHAPTER 15. INSPECTIONS

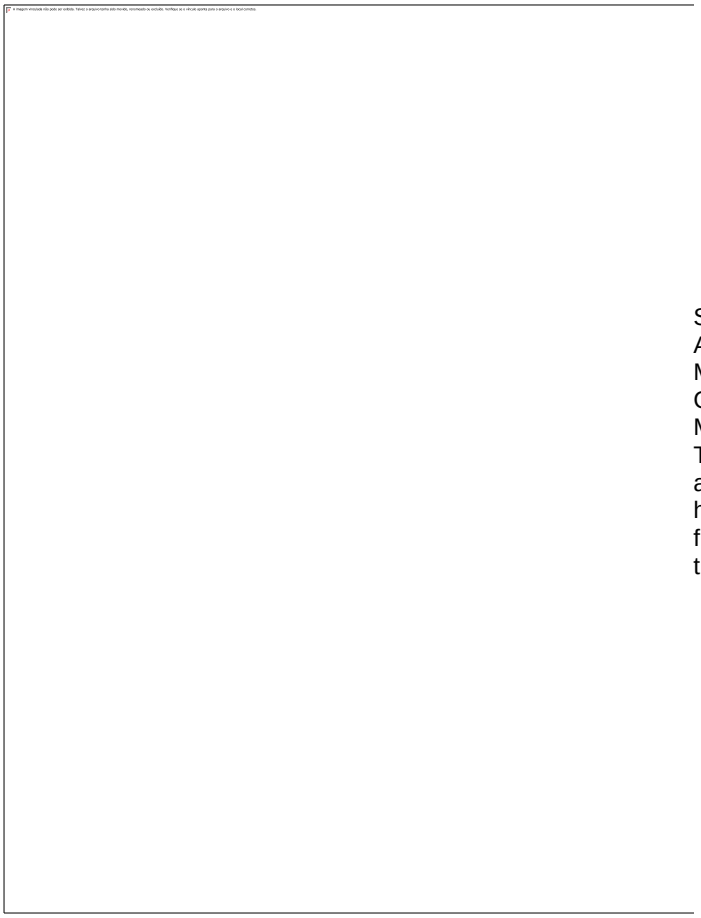
Clause 42. ARSESP shall exercise broad, complete and unrestricted inspections of SABESP's compliance with the obligations set forth in this CONTRACT, as well as its performance, having guaranteed free access, at any time, to the areas, facilities and locations related to the concession, the LINKED ASSETS, the books and documents related to SABESP and the concession, to records and documents related to the SERVICES, to data related to SABESP's management, accounting and technical, economic and financial resources, and may request clarifications or modifications, if it understands there are non-conformities with the obligations set forth in the CONTRACT, in particular regarding SABESP's conduct to comply with the INDICATORS AND GOALS FOR COVERAGE AND LOSSES and the quality parameters established in this CONTRACT and its ANNEXES:

Paragraph 1. SABESP must provide, in a timely manner, any clarifications that are formally requested.

Paragraph 2. The inspection carried out by ARSESP does not exclude inspections carried out by other federal, state and municipal public bodies and entities, within their respective attributions and under current legislation.

Paragraph 3. The determinations related to the SERVICES in which defects, flaws and/or inaccuracies are identified, issued within the scope of the inspection, shall be immediately applicable and will bind SABESP, notwithstanding other contractually foreseen consequences and provisions regarding the right to appeal and resolution of disputes established in this CONTRACT.

Paragraph 4. ARSESP will monitor the performance, in accordance with ANNEX V – REGULATORY MODEL, of the INDEPENDENT VERIFIER, in measuring the INDICATORS AND GOALS FOR COVERAGE AND LOSSES, and of the VALUATION COMPANY, in the CERTIFICATION, elaboration of the ASSET EVALUATION REPORT and RAB UPDATE, issuing final decisions, at an administrative level, on these matters.



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Paragraph 5. In its role as the inspecting agent, ARSESP must monitor and supervise the SERVICES provided, as well as the conservation of LINKED ASSETS, applying, as needed, the sanctions and penalties provided for in this CONTRACT, and may also:

(a) propose to URAE-1 to intervene in SERVICES provided, as needed, to ensure their regularity and compliance with this CONTRACT and the applicable legal standards;

(b) verify the progress or resolution of specific events, at any time and under any circumstances; and

(c) determine, in a justified manner, that activities and obligations under the purpose of this CONTRACT be redone, at no cost to URAE-1, if the ones already performed have not been satisfactory.

Paragraph 6. ARSESP's inspections will record, in a specific registry, the occurrences found during the inspections on the SERVICES provided and at SABESP, forwarding an inspection report to SABESP to correct the flaws or defects identified, notwithstanding the immediate application of the inspection result for the purposes of this CONTRACT.

(a) The administrative sanctioning process shall comply with ANNEX III – VIOLATIONS AND PENALTIES.

(b) The correction of flaws indicated in the inspection report does not eliminate the non-compliance that occurred and, consequently, the application of the corresponding penalty, after prior administrative proceedings, ensuring the right to a full defense and the right to appeal.

(c) SABESP may comment on the content of the inspection report to present the measures it will adopt or request a new assessment of the points it considers to be unfounded.

Paragraph 7. The inspection may also monitor the work of the INDEPENDENT VERIFIER in determining SABESP's compliance with the INDICATORS AND GOALS FOR COVERAGE AND LOSSES.

Paragraph 8. ARSESP may request clarifications and determine changes if it understands there is non-compliance with the obligations set forth in the CONTRACT, in particular compliance with the INDICATORS AND GOALS FOR COVERAGE AND LOSSES and established quality parameters.

Paragraph 9. Notwithstanding the incidence of any type of penalty, the impacts on the INDICATORS AND GOALS FOR COVERAGE AND LOSSES and the elaboration of the inspection report, SABESP is obliged to repair, correct or replace, at its own expense and within the deadline established by ARSESP, the SERVICES related to the concession in which defects, flaws and/or inaccuracies have been identified.

Paragraph 10. ARSESP may require SABESP to present an action plan aimed at repairing, correcting, interrupting, suspending or replacing any service provided under flaws, defective and/or incorrect manners, related to the purpose of this CONTRACT, within a deadline to be

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established by ARSESP, always compatible with the magnitude of the scope to be carried out by SABESP.

Paragraph 11. In the event SABESP fails to comply with ARSESP's determinations, URAE-1 shall be authorized to correct the situation, remedy the identified flaws, defects and/or inaccuracies, or fulfill the unrealized investment obligations, directly or through a third party, including by offsetting amounts owed to SABESP by URAE-1, and these costs shall be assumed by SABESP.

Paragraph 12. For the proper exercise of contractual inspection and monitoring by ARSESP, notwithstanding the other obligations to provide information established in this CONTRACT, in APPLICABLE LEGISLATION or the REGULATION, SABESP undertakes to:

(a) Publish, under law, its financial statements and maintain accounting records of all operations in accordance with fundamental accounting principles and the Brazilian technical accounting standards approved by the Federal Accounting Council;

(b) Submit, within 30 (thirty) days from the end of each calendar quarter, the accounting statements in accordance with corporate legislation, as well as the monthly closing balance sheets, duly signed by the responsible accountant;

(c) Submit, within the deadline established by ARSESP, other additional or complementary information formally request;

(d) Comply with all ARSESP's determinations, under the REGULATION and subject to application of the penalties established in this CONTRACT, ensuring SABESP's right to expressly oppose, which shall be analyzed by ARSESP as provided for in applicable regulations; and

(e) Present, on a quarterly basis, a report with the measures adopted to resolve USER complaints submitted to the communication channels made available by SABESP, under the guidelines of this CONTRACT and period required for its implementation.

Paragraph 13. The accounting statements referred to in item (a) of paragraph 12 must be submitted to an independent auditing firm duly registered with the Brazilian Securities and Exchange Commission - CVM.

Paragraph 14. ARSESP, when inspecting the activities carried out by SABESP, including on the execution of INVESTMENTS, shall be supported by the VALUATION COMPANY and the INDEPENDENT VERIFIER, within the limits of their attributions, as defined in this CONTRACT and its ANNEXES.

Paragraph 15. The following acts eventually practiced by SABESP are subject to prior consent from ARSESP, notwithstanding other events provided for in this CONTRACT, in APPLICABLE LEGISLATION and the REGULATION, under penalty of application of the sanctions established in this CONTRACT and in its ANNEXES, including the possibility of declaring the CONTRACT's nullity:

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(a) Merger, incorporation, spin-off, transformation or any form of corporate restructuring that may eventually, in the situations permitted by APPLICABLE LEGISLATION and Clause 22, jointly or separately, characterize a change in shareholder CONTROL, such as:

i. Signing of shareholders' agreement; and

ii. Issuance of securities convertible into shares.

(b) Creation of subsidiaries, including for the management of business associations of different natures, which may constitute a source of additional income;

(c) Providing loans and financing, guarantees or any other form of collateral, by SABESP, to its shareholders, RELATED PARTIES, or third parties.

(d) Hiring of financings, issuing securities and bonds, and any and all debt operations hired by SABESP which, in any circumstance, offers the rights arising from the concession as collateral; and

(e) Disposals, encumbrances or transfers, of any nature, of LINKED ASSETS, by SABESP, to third parties, except when waived under this CONTRACT.

Paragraph 16. The request for prior approval must be submitted by SABESP in reasonable advance to allow ARSESP to carry out its due analysis and respond in a timely and reasonable manner and must not compromise the operation(s), attempted by SABESP and that rely on prior authorization by ARSESP.

Paragraph 17. The request for prior approval to be submitted by SABESP must be accompanied by the relevant documentation that characterizes and explains the intended operation, as well as other documents that may eventually be required by ARSESP, in particular those needed to prove that the continuity and quality of SERVICES will not be compromised.

(a) If the scope of the request for prior consent impacts the LINKED ASSETS, SABESP must present a commitment that it will carry out, as applicable, the immediate replacement of such assets to be sold or transferred, with new assets of similar functionality and equal or superior technology, unless there is express consent from ARSESP for this not to be done.

(b) When the request for prior approval concerns the exploration of SUPPLEMENTAL ACTIVITIES, the documentation must also provide the indication of the source and estimated valuesof the OTHER PRICES, per year or per activity, when these are non-recurring.

Paragraph 18. ARSESP will have 60 (sixty) days, from the date it receives the request for prior consent by SABESP, to present a written response for the request, and may consent, reject the request, or formulate requirements for granting the consent.

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(a) If ARSESP rejects the request or requires additional information, it must be reasonable, and it may offer an alternative proposal so that the intended operation is accepted.

Paragraph 19. The following acts and operations eventually practiced or suffered by SABESP must be communicated to ARSESP, within 15 (fifteen) days after their occurrence, under penalty of application of the sanctions described in this CONTRACT:

(a) Changes in the shareholding structure of SABESP that do not cause a transfer of direct shareholder CONTROL of SABESP, but implies in the transfer of at least 20% (twenty percent) of the shares with voting rights in SABESP, or 10% (ten percent) of the shares with voting rights in SABESP held by a single shareholder;

(b) Changes in voting agreements applicable to CONTROLLING COMPANIES that do not imply the transfer of direct shareholder CONTROL of SABESP;

(c) Amendments to SABESP's Bylaws for eminently formal and/or procedural reasons, or increases to its share capital;

(d) Application of penalties to SABESP, by any entity with such authority, particularly for non-compliance with tax, social security, occupational health and safety obligations, or applied by entity with the authority to

regulate and monitor SABESP's activities, or even for environmental reasons;

(e) Request, by third parties, for SABESP's judicial reorganization, or for the opening of any other bankruptcy or liquidation process relating to SABESP;

(f) Hiring of loans and financing, issuing of securities and bonds, or any other debt transaction and the hiring of insurance and guarantees not included in the situations listed in paragraph 15, line (d);

(g) Replacement of SABESP's technical manager.

Paragraph 20. ARSESP may, subject to the legal limits and provisions of this CONTRACT, waive prior consent in specific situations, by means of written notice, provided the requirements established in said notice are met.

CHAPTER 16. PERFORMANCE INDICATORS

Clause 43. This CONTRACT will be assessed by ARSESP, and supported by the INDEPENDENT VERIFIER, through the indicators defined in ANNEX II - TECHNICAL ANNEX FOR EACH MUNICIPALITY and ANNEX VII - U FACTOR, Q FACTOR AND QUALITY INDICATORS.

Paragraph 1. The assessment of the quality of SERVICES, by ARSESP, must consider the parameters contained in ANNEX VII – U FACTOR, Q FACTOR AND QUALITY INDICATORS regarding the attributes of the SERVICES, and the outcome of this assessment must be brought to the attention of the MUNICIPALITIES, the STATE and URAE-1.

Paragraph 2. SABESP's performance in providing SERVICES, according to the score defined in the INDICATORS AND GOALS FOR COVERAGE AND LOSSES, to be assessed annually during the PERIODIC TARIFF ADJUSTMENT or REVIEW, will be reflected in the TARIFFS, under the terms of ANNEX VII – U FACTOR, Q FACTOR AND QUALITY INDICATORS and ANNEX V

– REGULATORY MODEL.

Paragraph 3. When it is clearly impossible to assess any of the INDICATORS AND GOALS

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FOR COVERAGE AND LOSSES, for reasons not attributable to SABESP, the weight(s) corresponding to the indicator(s) that cannot be measured will be redistributed proportionally among the others that can be assessed, for the purpose of the INDICATORS AND GOALS FOR COVERAGE AND LOSSES.

(a) If the impossibility to assess is attributable to SABESP, including the failure to hire an INDEPENDENT VERIFIER that does not result from action or omission by URAE-1, the STATE, the MUNICIPALITIES or ARSESP, the INDICATORS AND GOALS FOR COVERAGE AND LOSSES will be considered to have been fully breached.

Paragraph 4. ARSESP or the INDEPENDENT VERIFIER may request from SABESP any information deemed necessary to conclude the calculation of the INDICATORS AND GOALS FOR COVERAGE AND LOSSES, and SABESP must present the requested information within a deadline of 10 (ten) days.

(a) Failure to submit information, lack of information and/or submission of information that does not comply with the request may result in the impossibility of calculating the INDICATORS AND GOALS FOR COVERAGE AND LOSSES, with the consequences set out in article 3, paragraph (a).

Paragraph 5. The loss of revenue due to the application of the INDICATORS AND GOALS FOR COVERAGE AND LOSSES may be reviewed

as requested by SABESP to ARSESP, in a specific administrative process, if there is evidence that the failure to achieve any of the INDICATORS AND GOALS FOR COVERAGE AND LOSSES was caused by the materialization of a risk assumed by the GRANTING AUTHORITY, under the terms of this CONTRACT.

Paragraph 6. The request referred to in paragraph 5 shall not interrupt the measurement and application of the INDICATORS AND GOALS FOR COVERAGE AND LOSSES, which shall occur within the deadlines established in this CONTRACT and ANNEXES.

Paragraph 7. Any credit of SABESP resulting from the acceptance of the review request made according to paragraph 5 must be considered by ARSESP within the scope of the PERIODIC TARIFF REVISIONS or the subsequent EXTRAORDINARY REVISIONS.

Paragraph 8. Notwithstanding the provisions of paragraphs 5 to 7, if the event well-founded elements show that the failure to achieve any of the INDICATORS AND GOALS FOR COVERAGE AND LOSSES was caused by the materialization of a risk assumed by the GRANTING AUTHORITY, such as (i) failure to comply with regulatory deadlines by licensing bodies or the authorities responsible for issuing a declaration of public use and (ii) failure to perform an act of police force necessary to enable SABESP's performance, ARSESP may provisionally suspend its application in the respective PERIODIC TARIFF ADJUSTMENT or REVIEW process, only for the indicators, municipalities and territorial divisions that have been affected by the materialization of the risk.

Paragraph 9. In the situation provided in 8, if ARSESP, at the end of its own administrative process, concludes that the failure to achieve any of the INDICATORS AND GOALS FOR COVERAGE AND LOSSES

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was not caused by the materialization of risk assumed by the GRANTING AUTHORITY, the respective credit of the CONSEQUENTIAL POWER arising from the non-application of INDICATORS AND GOALS FOR COVERAGE AND LOSSES provisionally suspend must be considered within the scope of PERIODIC TARIFF REVISIONS or the subsequent EXTRAORDINARY REVISIONS.

CHAPTER 17. VIOLATIONS AND PENALTIES

Clause 44. In the event of total or partial non-compliance with this CONTRACT, the REGULATION or APPLICABLE LEGISLATION, SABESP shall be subject to the application of the penalties provided for in APPLICABLE LEGISLATION, whose regulation is part of this CONTRACT, as ANNEX III – VIOLATIONS AND PENALTIES.

Paragraph 1. The sanctions referred to in this Clause will be applied by ARSESP, after regular administrative sanctioning procedures, and SABESP is ensured the right to a full defense and the right to appeal.

Paragraph 2. The provisions of ARSESP Resolution 31/2008, as amended, do not apply to the CONTRACT, unless there is a new specific decision by ARSESP in the future.

Clause 45. Application and compliance with sanctions do not exempt SABESP from the obligation to correct the flaw or irregularity.

Clause 46. Complaints from URAE-1's technical committees and individual USERS that are presented to ARSESP, indicating potential practice of acts subject to the application of sanctions, must undergo a preliminary analysis by ARSESP and, if potential act of violation is identified, an inspection or sanctioning process will be instituted, as regulated in this CONTRACT.

CHAPTER 18. INTERVENTION

Clause 47. URAE-1 may intervene, at any time and notwithstanding the application, by ARSESP, of applicable penalties and other incidental responsibilities, after prior manifestation by ARSESP, in the SERVICES provided to ensure their regularity and adequacy, as well as SABESP's compliance with relevant contractual, regulatory and legal standards.

Paragraph 1. Situations in which an intervention can be authorized, include:

(a) The total or partial suspension or interruption of SERVICES and/or the execution of INVESTMENTS, caused by SABESP and breaching the terms of this CONTRACT;

(b) Serious deficiencies in SABESP's organization that compromise compliance with the obligations assumed in this CONTRACT;

(c) Serious and repeated inadequacies, insufficiencies or deficiencies in the execution of INVESTMENTS and/or in the SERVICES provided;

(d) Lack of renewal or lack of maintenance in validity of the PERFORMANCE GUARANTEE;

(e) Failure to hire, renew or maintain all insurance policies under the terms required in this CONTRACT;

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(f) Situations that put the environment, the safety of USERS, individuals or properties, the public treasury or public health at risk; and

(g) The use of LINKED ASSETS, by SABESP, for illicit purposes.

Paragraph 2. The decision taken by URAE-1 to intervene in the concession, when one of the situations provided for in paragraph 1 is confirmed, involves a judgment of convenience and opportunity by URAE-1, which may, in view of the peculiarities of the situation, decide to apply, including cumulatively, other measures provided for in the CONTRACT that, in its judgment, best serve the public interest, such as the application of penalties or a declaration stating the expiration of the concession, when admissible.

(a) If any situation arises that may result in the intervention of the concession, ARSESP must notify SABESP so that, under the established deadline, it can rectify the identified irregularities, notwithstanding the application of penalties.

(b) Once the deadline mentioned in paragraph (a) has elapsed without SABESP having remedied the irregularities or taken measures that, at the discretion of ARSESP, demonstrate the effective purpose of resolving the matters, it will propose URAE-1 to resolve, within its governance structure, on intervening in the concession.

Paragraph 3. The intervention shall be carried out by an act of URAE-1, after being recommended by ARSESP, and must indicate, at least, the reasons for the intervention, the designation of the intervener, the deadline, the objectives and the limits of the intervention.

(a) The role of intervenor may be performed by an agent from URAE-1, STATE or MUNICIPALITIES, by a specifically appointed person, collegiate body or companies, and SABESP shall pay the costs for their remuneration.

(b) The intervention automatically implies in the mandatory and temporary transfer of SABESP's management, and its bank accounts to the intervenor.

Paragraph 4. Within 30 (thirty) days from the declaration of the intervention, an administrative process must be initiated and conducted by ARSESP, aimed at proving the causes that resulted in such measure and determining accountability, ensuring SABESP the right to a full defense and the right to appeal.

Paragraph 5. The administrative procedure mentioned in the previous paragraph must be completed within a maximum deadline of 180 (one hundred and eighty) days, under penalty of the intervention being considered invalid.

Paragraph 6. During the intervention, SABESP undertakes to make the management of its SERVICES, LINKED ASSETS, rights related to its bank accounts and the hired financings immediately available to the appointed intervenor, in addition to all other matters required for the SERVICES under the purpose of CONTRACT to be offered it is entirety, and the intervenor is must observe the restrictions on bank account movements that may be included in the financing agreements signed by SABESP.

Paragraph 7. During the intervention period, the amounts due to SABESP, as TARIFFS, OTHER PRICES and ADDITIONAL REVENUE, will be made available to the intervener, who must use them in the activities necessary for the SERVICES to be provided, observing the obligations contained in the financing, insurance and guarantee contracts signed by

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SABESP, also considering any values necessary to reimburse administration costs.

Paragraph 8. Any additional costs arising from the intervention shall be assumed by SABESP, and URAE-1 may use the PERFORMANCE GUARANTEE to obtain the missing funds to cover the expenses necessary for the continuity of SERVICES under intervention.

Paragraph 9. The intervention will be declared nullity if it is proven that legal and regulatory requirements for its decree were not observed, and the service and assets linked to the SERVICES must be immediately returned to SABESP, notwithstanding the intervenor needing to take on accountability for any indemnity that may be applicable.

Paragraph 10. Once the intervention has terminated, and if the CONTRACT has not been terminated, the management of SERVICES will be returned to SABESP, as well as the financial control of the concession, with any surplus of the amounts earned during the intervention period transferred to it, preceded by the accountability by the intervenor, who shall be responsible for the acts carried out during its management.

Paragraph 11. The intervention is not a reason for the termination or suspension of any of SABESP's obligation with third parties, including funders or guarantors.

Paragraph 12. URAE-1 shall compensate SABESP for any direct damage it may have caused during the intervention period.

TITLE VIII. CONTRACTUAL VALIDITY AND EXTINGUISHMENT

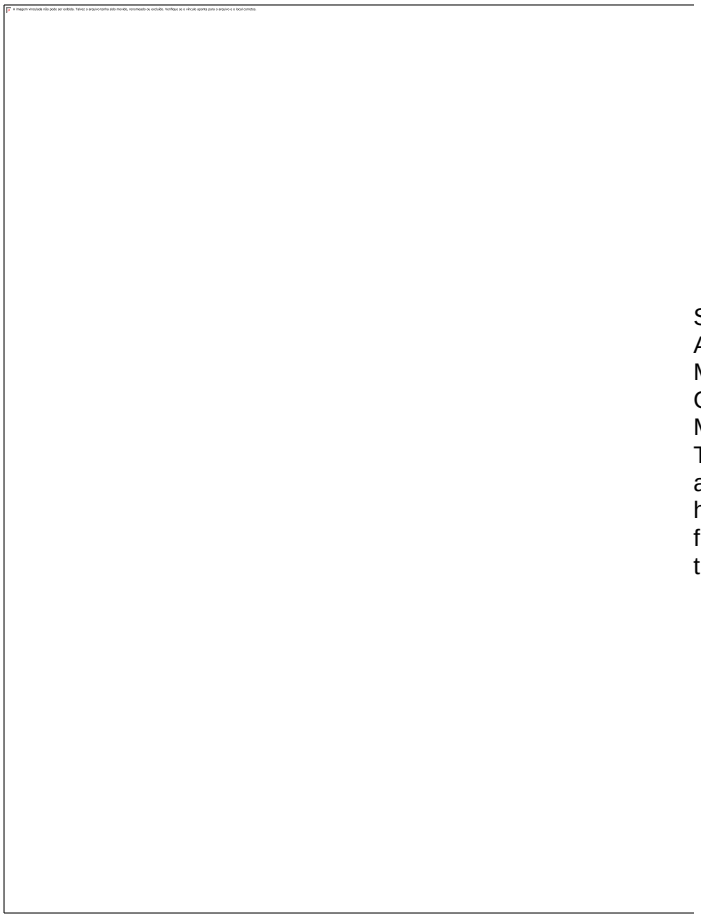
CHAPTER 19. VALIDITY

Clause 48. The CONTRACT shall come into effect on the EFFECTIVE DATE until October 19, 2060.

Paragraph 1. The CONTRACT's term may be extended, exceptionally, and at the sole discretion of URAE-1, to ensure the continuity of the SERVICES, provided that the economic-financial balance of the CONTRACT is preserved, when the provisions of article 42, paragraph 5º of Federal Law 11.445/2007 are not met, or prior to the end of the CONTRACT's term resulting from a new bidding process for the concession of the SERVICES, under the terms permitted by law.

Paragraph 2. Any extension of the CONTRACT's term shall occur through an addendum, under legislation in force on the date in which it is signed.

Paragraph 3. On the EFFECTIVE DATE, for all purposes, contracts signed individually between SABESP, the MUNICIPALITIES, and the STATE, as listed in ANNEX I - MUNICIPALITIES SERVED and whose purpose is to provide SERVICES, shall be terminated and fully replaced, irrevocably and irreversibly, by this CONTRACT, whose terms and conditions will govern the provision of SERVICES between SABESP and the GRANTING AUTHORITY.



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CHAPTER 20. ADMINISTRATIVE PROCEDURE CONTRACTUAL EXTINGUISHMENT

SECTION 17 SITUATIONS AND CONSEQUENCES FOR EXTINGUISHMENT

Clause 49. The CONTRACT shall be terminated, under the terms of the following clauses and APPLICABLE LEGISLATION, by force of:

(a) Initiation of the contractual term;

(b) Expropriation;

(c) Nullity;

(d) Termination;

(e) Annulment; and

(f) Bankruptcy, liquidation or extinction of SABESP, or a judicial reorganization that jeopardizes the execution of the CONTRACT.

Clause 50. Upon early termination of the CONTRACT, notwithstanding the possibility of a specific resolution by URAE-1 regarding the SERVICES provided, the STATE and the MUNICIPALITIES shall, within the scope of their respective authorities, as provided for in article 8 of Federal Law 11.445/2007, as amended:

(a) assume the provision of SERVICES and REVERSIBLE ASSETS, in the location and condition in which they are found;

(b) occupy and use the locations, facilities, equipment, materials and human resources employed for the execution of the SERVICES and which are necessary for their continuity;

(c) apply any applicable penalties to SABESP

(d) determine any losses caused and retain any credits from SABESP up to the limit of the reported losses;

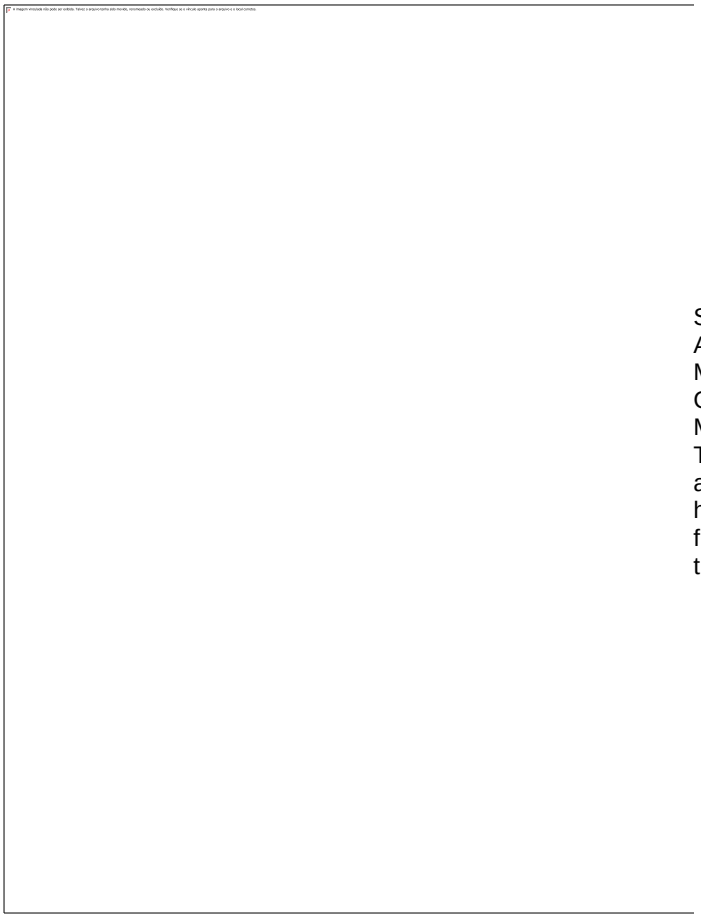
(e) execute insurance policies, as applicable, to receive administrative fines and reimbursement for any losses caused by SABESP;

(f) subrogate themselves in the commitments assumed by SABESP due to the purpose of this CONTRACT; and

(g) indemnify SABESP for unamortized investments, as provided for in this CONTRACT.

Paragraph 1. URAE-1 may, if approved under its governance structure, promote a new bidding process for the purpose of the CONTRACT, conditioning the transfer of services to the payment of indemnification resulting from the termination of the CONTRACT, and which said indemnification may be assumed by the future provider, pursuant to article 42, paragraph 5 of Federal Law 11.445/2007, and be paid directly to SABESP's funders or the Company itself, as the case may be, in compliance with the terms of URAE-1's regulations.

Paragraph 2. The provisions of paragraph 1 do not remove or harm SABESP's right to adopt collection measures from the moment this indemnification is due and until payment is made.



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SECTION 18 INITITATION OF THE CONTRACTUAL TERM

Clause 51. The concession will be terminated when the CONTRACT's term expires, consequently ending the contractual relations between the PARTIES, except those expressly provided for in this CONTRACT, the post-contractual obligations attributed to SABESP, ARSESP, URAE-1, the STATE and the MUNICIPALITIES.

Paragraph 1. ARSESP must initiate, always with the participation of SABESP, in relation to all SYSTEMS or a portion of them, an administrative process for a contractual termination, by at least 24 (twenty-four) months prior to its effective termination, and establish an Operational Demobilization Program to define the rules and procedures for the STATE and/or MUNICIPALITY, or an authorized third party, to take over the operations.

Paragraph 2. If the contractual term ends, notwithstanding any possible subrogation of the holder of the SERVICES or the future provider in valid contracts, SABESP shall be entirely and exclusively responsible for the termination of any contractual relationships signed with third parties to which it is a party.

Paragraph 3. URAE-1, the STATE and MUNICIPALITIES will not assume any responsibility, charge or burden regarding contracts signed by SABESP, except in the event of exercising the prerogative to subrogate themselves

in contracts signed by SABESP, and no indemnification will be due to SABESP or third parties arising from the termination of such contractual relationships.

Paragraph 4. SABESP must take the necessary measures to facilitate negotiations between third parties contracted by it and URAE-1, the STATE and the MUNICIPALITIES, viewed at ensuring the possibility of exercising the prerogative mentioned in paragraph 3.

Paragraph 5. SABESP is obliged to cooperate with ARSESP and URAE-1 to ensure no interruptions occur in the SERVICES, nor deterioration of LINKED ASSETS with the initiation of the contractual term and consequent termination of this CONTRACT, and must, for example: (i) cooperate in training for taking over the SERVICES by its operator or the operator indicated for this purpose; and (ii) collaborate in the transition, and in whatever is necessary for the continuity of the exploration and maintenance of the LINKED ASSETS, safeguarding the situations of justified business secrecy and agreements with ARSESP.

SECTION 19 EXPROPRIATION

Clause 52. URAE-1 may, at any time, aimed at serving the public interest, take over the SERVICES or a portion of them, if previously authorized by legislation and applying the REGULATION in a subsidiary manner to the provisions of this CONTRACT, in which the prior payment of indemnities to SABESP must cover:

Paragraph 1. The charges and burdens arising from fines, terminations and indemnification due to suppliers, contractors and third parties in general, arising from the early termination of contractual ties, in which such amounts must be compatible with market practices, in particular for RELATED PARTIES, under the provisions of paragraph 5 of this Clause 52.

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Paragraph 2. The total amount due by SABESP to its funders and other creditors of debt instruments, up to the date of the early termination of the concession, including interest and other charges already incurred and not yet paid, as well as any charges provided for in these contracts that may be due by SABESP and which have as a triggering event the early termination of the contract with the funders or other creditors, under paragraph 5 of this Clause 52; and

Paragraph 3. Lost profits.

Paragraph 4. The following must be discounted from the amount provided for in paragraph 1 of this Clause 52:

(a) Any amounts contributed to SABESP, but not yet used for the benefit of the concession, or any amount available to SABESP, such as cash balances, amounts receivable from suppliers, insurance companies and third parties in general, as well as recoverable taxes;

(b) The residual value of NON-REVERSIBLE ASSETS that have been paid for by SABESP and that remain owned by the CONCESSIONAIRE or third parties after the termination of the concession; and

(c) Funds that have been used for purposes other than the concession, such as those raised to pay expenses for the benefit of shareholders or RELATED PARTIES, or for the distribution of dividends.

Paragraph 5. The portion defined in paragraph 1 of this Clause 52:

a) shall observe, for charges and burdens arising from fines, terminations and indemnification due to suppliers, contractors and third parties in general, arising from the termination of contractual ties, the following maximum limits: (1) labor charges: the minimum amounts required by law for dismissals without just cause, not considering amounts that are only due based on individual or collective agreements; and (2) other contracts: the amounts for damage, losses, costs, expenses, fines and other charges, expressly provided for in the contract, or arising from a court decision, that have been incurred by SABESP under reasonable conditions as a direct result of the termination of the contract with the third party, and provided that:

1. The contract was signed prior to any news of a contractual breach, by URAE-1, capable of giving rise to the termination of the contract, or prior to any expression of interest on the part of the latter in carrying out the expropriation, with limited indemnification in the event of conclusion at a later date, in relation to the charges due in a similar contract that has been concluded previously, if any;

2. The contract with the third party is clearly related to the provision of SERVICES or the execution of works provided for in this CONTRACT, and may include:
(i) any materials or assets in the process of being supplied or delivered that cannot be cancelled without incurring significant costs; and (ii) costs of demobilization or relocation of equipment; and

2.1. SABESP and the third party have adopted reasonable measures within their reach to mitigate damage, losses, costs, expenses, fines and other charges, as much as possible under the circumstances and the corresponding contractual provisions, with indemnification limited to, in the event of non-compliance or unsatisfactory compliance with the obligation provided for in this paragraph, to the amounts that would be incurred if the damage and losses involved were adequately mitigated.

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a) It may not incorporate, under any circumstances, amounts corresponding to the third party's lost profits, or funds of a similar nature and purpose; and

b) It will not consider costs for contractual terminations when there was the possibility of termination without costs to SABESP, for reasons of non-compliance by the third party or other applicable contractual cause.

Paragraph 6. Indemnification due, arising from the expropriation, is limited to the amounts established in this Clause 52, and no other amounts are due as indemnity, lost profits other than those provided for in this Clause 52 and/or consequential damage.

Paragraph 7. Indemnification must be paid at the exact moment the concession is resumed and as a condition for its resumption.

SECTION 20 NULLITY

Clause 53. URAE-1 may, to serve the public interest, and provided that ARSESP has recognized, through an administrative process, the occurrence of one of the situations provided for in this CONTRACT, in ANNEX III - VIOLATION AND PENALTIES, in ANNEX VII - U FACTOR, Q FACTOR AND QUALITY INDICATORS or in Federal Law 8,987/1995, as amended, which will be preceded by a competent administrative process, ensuring due legal process, in particular the right to a full

defense and the right to appeal after exhausting the possibilities for resolution provided for in this CONTRACT, notwithstanding the application of contractual sanctions.

Paragraph 1. URAE-1's decision to declare the concession's nullity involves a judgment of convenience and opportunity, by URAE-1, which may, in view of the peculiarities of the situation, decide to apply other measures provided for in the CONTRACT that, in its judgment, what best serve the public interest, such as the application of penalties by ARSESP, or the decree to intervene in the concession, as admissible.

Paragraph 2. When a contractual breach by SAEBSP constitutes a recurring violation, or delay in fulfilling its contractual obligations, the fact that ARSESP applies, or has applied, any of the penalties provided for in this CONTRACT and its ANNEXES, does not eliminate the possibility of declaring the expiration of the concession, as allowed by this CONTRACT, if SABESP, despite the penalty(ies) applied, persists in violating contractual clauses.

Clause 54. Failure to comply with the INDICATORS AND GOALS FOR COVERAGE AND LOSSES, under the terms and conditions of this CONTRACT and ANNEX VII – U FACTOR, Q FACTOR AND QUALITY INDICATORS may give rise to the initiation of the administrative process referred to in Clause 53 and the declaration of this CONTRACTs nullity.

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Clause 55. Expiry will necessarily be preceded by a notice to SABESP, informing on the legal, contractual and regulatory breaches in detail, with the granting of a reasonable deadline, no less than 30 (thirty) days, for the identified flaws or irregularities to be corrected, or to adjust the acts that violate contractual, regulatory or legal terms, as applicable.

Paragraph 1. If SABESP, within the established deadline, fails to remedy the faults or irregularities identified, or fails to adjust the violating acts, ARSESP will institute the appropriate administrative proceedings to investigate SABESP's default, ensuring the rights to a full defense and the right to appeal.

Paragraph 2. After the initiation of an administrative process that may result in a declaration of nullity, SABESP will be notified of such measure, as well as the reasons for applying the measure, so it can present its defense within a maximum deadline of 30 (thirty) days.

Paragraph 3. If SABESP's default is proven during the competent administrative process, ARSESP will notify URAE-1 that it may declare this CONTRACT's nullity, regardless of prior payment of indemnification that may be due to SABESP, in the amount to be determined during the aforementioned administrative process or in a separate administrative process.

Paragraph 4. The declaration of the concession's nullity will imply the immediate entry, by URAE-1, of the holders of the SERVICES or third party designated for this purpose, gaining possession of all REVERSIBLE ASSETS, and SABESP's liability for any and all types of burdens, fines, penalties, indemnification, charges or commitments with third parties arising from the concession's nullity, notably in relation to labor, tax and social security obligations.

Paragraph 5. The declaration of the concession's nullity will result in the application, by ARSESP, of a penalty to SABESP, in the amount equivalent to 1% of its annual net revenue.

Paragraph 6. The declaration of the concession's nullity does not exempt SABESP from indemnifying for any losses it may have caused to URAE-1 or third parties, even if its effects are felt after the termination of the concession.

Paragraph 7. Indemnification due to nullity must cover investments in reversible assets (RRB) that have not been amortized or depreciated, including amounts invested in assets that are still classified as works in progress, provided they are related to REVERSIBLE ASSETS, minus applicable penalties and any damage demonstrably caused by SABESP to the GRANTING AUTHORITY.

SECTION 21 TERMINATION

Clause 56. This CONTRACT may be terminated:

(a) amicably by the PARTIES, observing the terms of article 26 of State Law 7,835/1992;

(b) after a re-bidding procedure, as provided for in article 8 of State Law 16,933/2019; or

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(c) at the initiative of SABESP, in the event of non-compliance with the CONTRACT or APPLICABLE LEGISLATION by URAE-1, ARSESP, the STATE or the MUNICIPALITIES, by means of arbitration or judicial proceedings, according to the dispute resolution stages provided for in this CONTRACT.

Paragraph 1. The criteria for calculating indemnification, in the event of termination, shall observe the following provisions:

(a) in the event set out in paragraph (a), the indemnification shall be established by mutual agreement between the PARTIES and may not surpass the amount due in the event of expropriation;

(b) in the event set out in paragraph (b), the indemnification shall be equivalent to what may be applied in nullity, and the application of a fine penalty may be waived; and

(c) in the event set out in paragraph (c), the indemnification shall be calculated in accordance with the same criteria adopted in the event of expropriation.

Paragraph 2. The establishment of a re-bidding procedure relies on an agreement between URAE-1 and SABESP, in a procedure that ensures the continuity of SERVICES until a new bidding process has been concluded for the activities to be assumed by the winner of the bidding process.

(a) SABESP does not have any right to initiate, trigger, conducted or concluded a re-bidding process, and URAE-1, under article 9, paragraph 1, of State Law 16,933/2019, must exercise judgment regarding the need, relevance and reasonableness of instituting and conducting the procedure, given the alternatives available for continuing the CONTRACT or terminating it for any other reason provided for in Clause 49.

(b) If SABESP requests the qualification of the CONTRACT for re-bidding purposes, with proof of recurring or permanent failure to comply with contractual provisions or the inability to fulfill contractual or financial obligations assumed, ARSESP will only analyze the request if it is accompanied by the documents provided for in article 9, paragraph 2, of State Law 16,933/2019.

(c) Once the CONTRACT has been qualified, by the GRANTING AUTHORITY, for re-bidding purposes, and if has been decided that said procedure will be adopted, URAE-1 and SABESP must sign an addendum to the CONTRACT containing, in addition to the provisions of article 10 of State Law 16,933/2019, other elements deemed relevant by URAE-1 to ensure the continuity of the SERVICES.

Paragraph 3. SABESP must, prior to the initiation of arbitration proceedings, notify ARSESP and URAE-1 of its intention to terminate the CONTRACT, explaining the reasons why it intends to initiate arbitration proceedings for this purpose, under the terms in legislation and relevant regulatory standards.

(a) SABESP may only seek arbitration for the termination of the CONTRACT if substantial breaches, by URAE-1, ARSESP, the STATE or the MUNICIPALITIES, have been identified, and that results in the impossibility, or excessive burden, of fulfilling the scope of the contract.

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(b) In the event listed in paragraph (a), SABESP will grant a deadline of no less than 30 (thirty) days for the breach to be corrected, at an administrative level.

(c) The SERVICES provided by SABESP may not be interrupted or suspended until an arbitration decision is reached, from which no further appeal is possible, decreeing the termination of the contract.

SECTION 22 ANNULMENT

Clause 57. The CONTRACT may be annulled in the event of illegality, under the provisions contained in article 35, item V, of Federal Law 8,987/1995, investigated in an administrative procedure, initiated from the notification sent from one PARTY to the other, or from ARSESP to both PARTIES, ensuring the right to a full defense and the right to appeal.

Paragraph 1. In the event of early termination of the CONTRACT due to annulment, the criteria for indemnification due to SABESP shall be as follows:

(a) If the annulment is due to reasons caused by SABESP or its shareholders, the applicable indemnification shall be equivalent to that calculated in the event of nullity; and

(b) If the annulment is due to reasons caused by the GRANTING AUTHORITY, the applicable indemnification shall be equivalent to that calculated in the event of expropriation.

SECTION 23 BANKRUPTCY, JUDICIAL REORGANIZATION, LIQUIDATION AND EXTINCTION OF SABESP

Clause 58. The CONTRACT will be automatically extinct if:

(a) SABESP has its bankruptcy or liquidation decreed by court order, from its effects, or if the ordinary liquidation process is authorized by a decision by its competent statutory body;

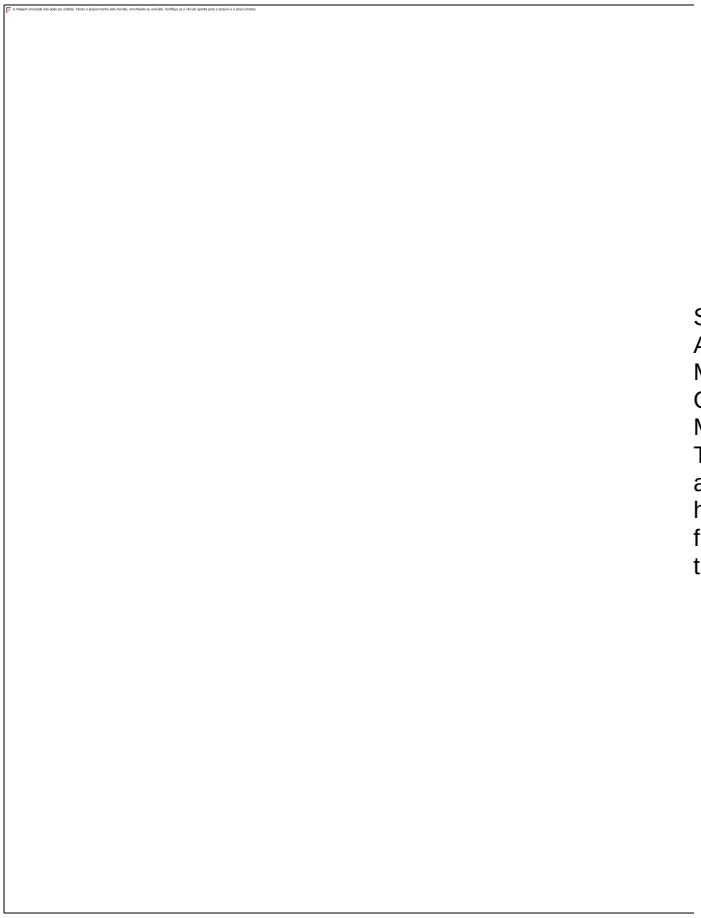
(b) the PRIVATIZATION PROCESS is not completed by the STATE; or

(c) ARSESP decides, after conducting regular administrative proceedings, ensuring SABESP the right to a full defense and the right to appeal, that the judicial reorganization of the latter is detrimental to the execution of the SERVICES.

Paragraph 1. In the event SABESP is extinct due to bankruptcy or a judicial reorganization is granted which, in the latter case, jeopardizes the execution of the CONTRACT, or, further, in the event SABESP is liquidated by resolution of its shareholders, the same provisions regarding the contractual nullity shall apply, including with the installation of due administrative processes to determine the actual loss and establish applicable sanctions.

(a) Eventual net assets of the extinct SABESP will not be shared among its shareholders prior to all obligations with URAE-1, ARSESP, the STATE and the MUNICIPALITIES having been paid, and without the issuance of a definitive term of return.

Paragraph 2. In the event provided for in paragraph (b) of the caput of Clause 58, the CONTRACT will be terminated without any implications for SABESP.



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CHAPTER 21. ASSET REVERSAL

Clause 59. Once the CONTRACT is terminated, after the signing of a Definitive Term for the return of the SERVICES, the REVERSIBLE ASSETS, rights and prerogatives linked to the SERVICES will revert back to the STATE and/or MUNICIPALITIES.

Paragraph 1. REVERSIBLE ASSETS must be free of any encumbrance, charges, taxes, obligations or liens, and in good operating, usable and maintenance conditions, with characteristics and technical requirements that allow the full operation of the SERVICES.

Paragraph 2. The PARTIES will proceed with data collection and inspection of the REVERSIBLE ASSETS, aimed at verifying the state of conservation and maintenance of the assets based on the updated terms of the RRB, and will sign the Provisional Term of Return for the SERVICES, within 90 (ninety) days from the beginning date of the administrative process for the CONTRACT's termination.

(a) All information about REVERSIBLE ASSETS, including description, state of conservation and remaining useful life, must be included in the inventory, to be maintained by SABESP throughout the concession, which must be delivered to ARSESP when the concession term has ended.

(b) In the event of discrepancy between the inventory and the actual situation of the REVERSIBLE ASSETS, SABESP must, if such difference occurs to the detriment of URAE-1, take all appropriate measures, including acquiring new assets or carrying out works so the REVERSIBLE ASSETS are delivered in the same conditions as those provided for in the inventory certified by the VALUATION COMPANY.

Paragraph 3. The Definitive Term of Return for the SERVICES must be signed within a maximum deadline of 90 (ninety) days after the drafting of the Provisional Term, provided that, during this period:

(a) the assets have been verified and undergone a final inspection, with proof of such measures, by ARSESP, as referred to in paragraph 2; and

(b) comply with the terms of the CONTRACT in relation to the duty to indemnify SABESP for unamortized investments.

Paragraph 4. In the event of an early termination of the CONTRACT, the terms defined in this Clause may be reduced by ARSESP.

Paragraph 5. The reversal of SHARED ASSETS will only be effective after a decision by URAE-1, preceded by a technical opinion from ARSESP.

CHAPTER 22. INDEMNIFICATION DUE

Clause 60. The STATE and/or the MUNICIPALITY(IES), as decided within the scope of URAE-1, shall be liable to SABESP for any indemnities that may arise from the termination of the CONTRACT, with reversion of the REVERSIBLE ASSETS to the provision of SERVICES, in compliance with the terms of this CONTRACT and ANNEXES and, subsidiarily, the REGULATION.

Paragraph 1. Indemnification shall be paid preferably by the new contractor, under the terms and limits established by the STATE and/or MUNICIPALITIES, as applicable, in the instrument(s) that succeed this CONTRACT.

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(a) The signing of a new contract for the provision of water supply and sewage services that fully or partially include the SYSTEMS is subject to prior payment of indemnification due to SABESP, in proportion to the SYSTEM whose operation is intended to be granted to a third party, except in the event of this CONTRACT is terminated due to expiration, or if the PARTIES agree on a better solution.

(b) The procedure for calculating the indemnification due to SABESP and its verification do not prevent any bidding process from being carried out prior to the signing of the new contract.

Paragraph 2. In the event indicated in paragraph 1, SABESP shall remain as the provider of the SERVICES until the due indemnification is paid, except:

(a) if there is an express and formal agreement signed with SABESP stating the contrary;

(b) if SABESP disagrees with the indemnification amounts approved by ARSESP, and there is full payment of the undisputed amount, which will allow the signing and start of the execution of the new contract, regardless of the resolution of any dispute established on the matter.

Paragraph 3. The indemnification, approved by ARSESP based on a prior report by the VALUATION COMPANY, shall be paid within 180 (one hundred

and eighty) days from the beginning of the termination process of this CONTRACT, or within 60 (sixty) days from the date of compliance with paragraph 3, item (a), of Clause 59.and, in any event, prior to the transfer of the SERVICES to the holders or third parties indicated by them, under the provisions of paragraph 1 and 2.

Paragraph 4. Any deferral of payment beyond the term set forth in paragraph 3 of this Clause is subject to agreement between the PARTIES, and the amounts due will be capitalized for the purposes of monetary restatements, capital remuneration and compensation for arrears, under the regime for updating debts incurred with the Public Treasury, as provided for in article 3 of Constitutional Amendment 113, of December 8, 2021, as amended.

Paragraph 5. SABESP and/or potential beneficiaries of indemnification payments, particularly the funders, may negotiate such receivables with third parties to anticipate the payment of these credits.

Paragraph 6. The use of payment mechanisms included in a contract signed with the new operator of the SERVICES, for direct payment of indemnification due to SABESP, shall not eliminate the liability of the holder of the SERVICES, if the new operator of the SERVICES does not pay the commitments assumed.

Clause 61. Investments not yet amortized or depreciated, and which have been duly restated by the IPCA/IBGE price index relating to REVERSIBLE ASSETS will be compensated, as well as amounts related to works in progress that have not yet been recorded as an asset.

Paragraph 1. The calculation of the indemnification referred to in the caput must consider:

(a) the useful life (physical) of the INVESTMENTS already made by SABESP and not yet recovered or amortized by the SERVICES provided, whose implementation has been certified by the VALUATION COMPANY and validated by ARSESP; and

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(b) the rules and methodology for the formation and RAB UPDATE contained in ANNEX V – REGULATORY MODEL, applied until the start date of the CONTRACT's termination process, after resolution by URAE-1 and upon prior manifestation by ARSESP.

Paragraph 2. The investments provided for in this CONTRACT, given they do not compromise the affordability of the tariff and the payment capacity of users, will be amortized until the end of the contractual term.

Paragraph 3. For the purpose set out in paragraph 2, ARSESP must carry out a prior economic and financial feasibility study, to be submitted to social control, proving that the amortization process referred to in paragraph 2 will comply with the terms of Federal Law 11,445/2007, which will not rely on contributions from FAUSP funds for this purpose and does not compromise the tariff affordability and USERS' payment capacity, in compliance with the guidelines of ANNEX V – REGULATORY MODEL.

Clause 62. If this CONTRACT is annulled by a third party, and SABESP remains as the provider of the SERVICES, without the REVERSIBLE ASSETS having reverted to the STATE and/or MUNICIPALITY, no indemnification will be due to SABESP.

Clause 63. The exit of MUNICIPALITIES from URAE-1 during the term of the CONTRACT implies in the termination of the contractual relationship with the

referred MUNICIPALITY, which will be responsible for indemnifying SABESP, under applicable provisions to the expropriation.

TITLE IX. RESOLUTION OF DISPUTES

CHAPTER 23. GENERAL PROVISIONS

Clause 64. The PARTIES and ARSESP shall make their best efforts to amicably resolve any disagreement that may arise from this CONTRACT, in compliance with the principles of good faith and cooperation.

Paragraph 1. Except in cases of urgency, the resolution bodies to resolve the disputes arising from this CONTRACT must observe the following order:

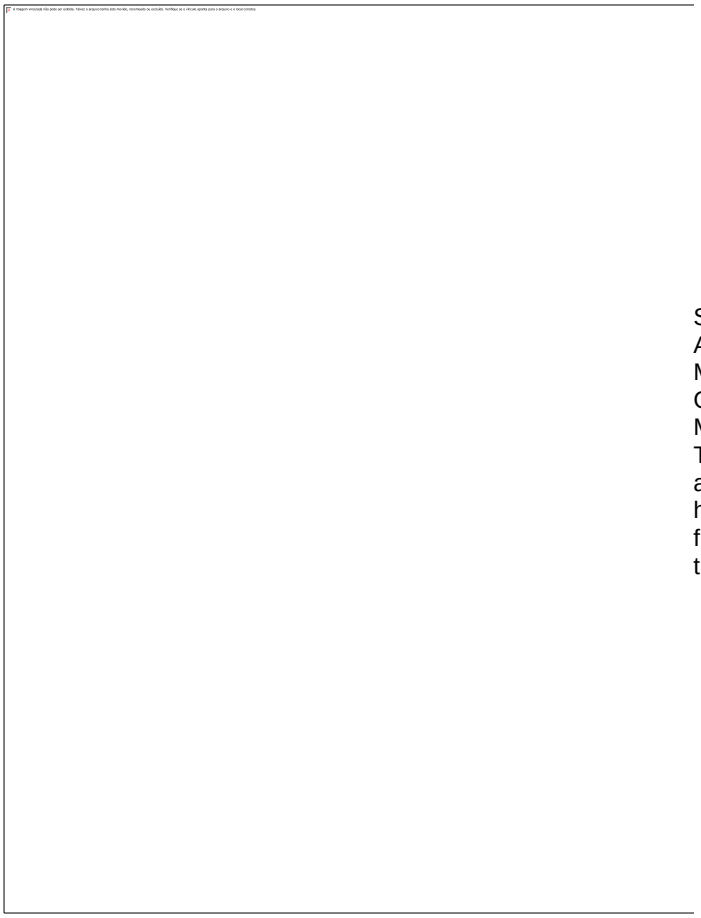
(a) self-composition, assisted or not by a mediator, in which case the latter must comply with the provisions of Clause 65;

(b) decision by the arbitration court, as provided for in Clause 67;

(c) decision by a court, if the matter is not subject to arbitration, as provided for in Clause 68.

Paragraph 2. The PARTIES will not need to observe the order provided for in paragraph in situations of urgency, risks to the safety of USERS, third parties, LINKED ASSETS, risks of loss of rights for any of the PARTIES or to a worsening of the situation, and may directly seek precautionary or satisfactory measures, through any of the mechanisms indicated in items (b) and (c) of paragraph 1.

Paragraph 3. Except for the situations listed in paragraph 2, the PARTIES will not initiate resolutions on disputes without first notifying the other PARTY about the dispute, in a written document, substantiated and accompanied by the respective documents, with a proposal for resolving the divergence to receive a response within the deadline established in Clause 65, after which it may submit the disagreement to the next hierarchical resolution body for the dispute, depending on the matter to be resolved.



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Paragraph 4. The PARTIES may not use to the detriment of the interests of the other PARTY, during the procedures to resolve the dispute listed in this Chapter, documents that have been produced by the opposing PARTY specifically during negotiations, such as meeting minutes, agreement proposals, opinions or technical statements.

(a) The restriction provided for in paragraph 4 does not cover pre-existing documents from before the resolution procedures for the dispute, or that were produced independently of the dispute, which may be used to defend the interests of the PARTIES in any of the dispute resolution mechanisms, regardless of the form or time at which the PARTY had access to such document.

Paragraph 5. The establishment of a resolution procedure for the dispute, through any of the mechanisms provided for in this Chapter, does not exempt the PARTIES from their duty to follow through and comply with their contractual obligations, notably SABESP's duty to continue providing the SERVICES and executing the INVESTMENTS.

(a) The suspension of INVESTMENTS or SERVICES will only be permitted when the object of dispute implies risks to the safety of individuals and/or the SERVICES being provided, given that their suspension demonstrably represents the most appropriate measure

to neutralize or, when this is not possible, to mitigate any existing risk, obtaining, when possible without compromising safety, the consent of ARSESP prior to the suspension.

(b) Any breach of contract, or delay in fulfilling a contractual obligation, arising from the failure to comply with the obligation provided for in paragraph 5, will trigger the consequences provided for in the CONTRACT, including the application of contractual fines, regardless of the outcome of the dispute.

Paragraph 6. If any decision, during the procedures provided for in items (b) and (c) of paragraph 1, binds SABESP to an obligation to act, said obligation must be fulfilled by SABESP regardless of any payment, except, exclusively, if the decision itself requires compliance with the decision on prior payment by URAE-1.

CHAPTER 24. NEGOTIATIONS

Clause 65. The PARTIES may decide to not make use of dispute resolution bodies without first formally notifying the other PARTY and ARSESP of their dissatisfaction, offering a reasonable explanation for the dispute, proposing a solution and providing copies of the respective documents.

Paragraph 1. The notification of dissatisfaction will be forwarded to the other PARTY and to ARSESP, which has a deadline of 15 (fifteen) business days to formulate a response.

(a) The response to the notification of dissatisfaction must be presented with a reasonable statement of the PARTY's position and supporting documents, as well as an express stance on the proposed solution contained in the notification.

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(b) If the deadline provided for in paragraph 1 has elapsed, without the submission of a response, it will be presumed that the parties are in disagreement.

(c) Upon a written agreement between the PARTIES, or between SABESP and ARSESP, the deadline for responding to the notification of dissatisfaction may be suspended for negotiations.

(d) If the negotiations result in a self-composition, and if the matter does not require a contractual amendment, the PARTIES and ARSESP will register the agreement by adding an apostille to the CONTRACT.

Paragraph 2. If no agreement has been reached, based on the negotiations provided for in paragraph 1, or in the event of disagreement between the PARTIES, at the end of the procedure provided for in paragraph 1, the dissatisfied PARTY may request that negotiations be conducted with a senior representative of both PARTIES.

(a) The negotiations referred to in paragraph 2, when requested by either PARTY, require mandatory presence from the other PARTY, under penalty of being considered a breach of contract.

(b) The representative for the negotiations must be appointed by the highest authority of ARSESP, by URAE-1 in accordance with its

regulations, and by the legal representatives of SABESP, in accordance with its bylaws.

(c) If the request referred to in paragraph 2 is not made within 15 (fifteen) days from the stage mentioned in paragraph 1, other means of dispute to resolve the matter may be adopted, under the terms provided for in this CONTRACT.

Paragraph 3. In the event the negotiations provided for in Clause 65 fail, either PARTY may submit the dispute to another dispute resolution mechanism, among those provided for in Clause 66 and Clause 67, notwithstanding ARSESP or URAE-1 carrying out the regular conduct for any ongoing administrative process.

Paragraph 4. In all cases, including the stage provided for in paragraph 2 of this clause, negotiations must be concluded within 120 (one hundred and twenty) days from the date on which they were initiated.

Paragraph 5. Once the deadline provided for in paragraph 4 of this clause has elapsed, other means of dispute to resolve the matter may be adopted, under the terms provided for in this CONTRACT, unless otherwise agreed between the PARTIES.

CHAPTER 25. MEDIATION

Clause 66. At any time, once the procedure set forth in Clause 65 has been concluded, either PARTY may propose a mediation, which shall only be initiated or continued with the consent of both PARTIES, and such consent may also be given between SABESP and ARSESP, without the participation of URAE-1.

Paragraph 1. Mediation is a procedure aimed at clarifying a dispute between the PARTIES, which may or may not result in an agreement, and will comply with Federal Law 13,140,of June 26, 2015, notwithstanding applicable state legislation, and may be carried out under any of the forms permitted therein.

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Paragraph 2. Out-of-court mediations may follow the procedure of the State Administration Conciliation Chamber – CCAE, provided for in articles 54 et seq. of State Complementary Law 1,270/2015, if operational during the time of the dispute, and payment of any expenses and fees must be made by the mediation proponent.

(a) The election of the mediation chamber will be carried out jointly by SABESP and URAE-1.

Paragraph 3. The mediation procedure shall follow the rules set out in the chamber elected to conduct the procedure, which shall be appointed by consensus.

Paragraph 4. The PARTIES may choose for a non-institutional mediation process, in which case it must be agreed upon in a specific term between the PARTIES, also containing, at least, the rules for appointing mediator(s) and the deadlines for concluding the procedure.

Paragraph 5. The mediator(s) to be selected must comply with the requirements established in Clause 67, paragraph 14.

Paragraph 6. If the consensus mentioned in the previous clauses is not reached for the purposes of electing the chamber to conduct the mediation process, or regarding the non-institutional mediation, or regarding the

choice of mediators, a mediation will not be established between the PARTIES.

Paragraph 7. The interested PARTY in proposing a mediation process will send a notification, with a brief explanation of the intended scope, to the opposing PARTY, which must inform its agreement within 5 (five) business days, after which a refusal shall be presumed. If the interested PARTY is SABESP, the Company also has the prerogative of sending the notification included in this clause to ARSESP, who must inform its agreement within 5 (five) business days, after which a refusal shall be presumed.

Paragraph 8. Any agreement resulting from mediation will be signed in writing, formalized in a contractual addendum, or in an appendix to the CONTRACT, and published with its respective motivation.

CHAPTER 26. ARBITRATION

Clause 67. The PARTIES shall submit to institutional arbitration disputes over available property rights, related to the interpretation or execution of this CONTRACT, under Federal Law 9,307/96, which have not been resolved by the procedure provided for in Clause 65 or by mediation, when initiated by the PARTIES.

Paragraph 1. Notwithstanding other situations, disputes over available property rights shall be considered as:

(a) Recognition of the right and determination of the respective amount of the economic-financial imbalance of the CONTRACT and the amount needed for its rebalancing, in favor of either PARTIES;

(b) Recognition of contractual non-compliance cases by either PARTIES, and calculation of the monetary penalties applied;

(c) Request for contractual termination, made by SABESP, due to contractual non-compliance attributed to URAE-1, ARSESP, the STATE or the MUNICIPALITIES;

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(d) Disagreements regarding the calculation or adjustment of TARIFFS;

(e) Disputes related to SABESP's performance and the calculation of INDICATORS AND GOALS FOR COVERAGE AND LOSSES;

(f) Disagreements regarding the conclusion of INVESTMENTS, or regarding the adequacy of INVESTMENTS made;

(g) Disputes arising from the execution of the PERFORMANCE GUARANTEE;

(h) Interpretation of the risk allocation provided for in the CONTRACT; and

(i) The amount of indemnities due in the event this CONTRACT is terminated, and disagreements between the PARTIES regarding LINKED ASSETS and their suitability under the terms set forth in the CONTRACT.

Paragraph 2. Notwithstanding other situations, disputes related to available property rights are not considered and are not subject to arbitration:

(a) Matters relating to non-tradable available rights;

(b) The public nature and ownership of the SERVICES;

(c) The power of regulation and inspection, as well as its exercise by ARSESP and URAE-1;

(d) The exercise of the power to impose monetary and administrative penalties on SABESP, except exclusively for the assessment of the factual assumptions of the imposition of specific penalties, or disagreements regarding the calculation of monetary penalties;

(e) The exercise of the right of expropriation or the decision to declare the nullity of this CONTRACT, or even the decision regarding other forms of contractual termination initiated by URAE-1, except, in cases of nullity and annulment, the disagreements on the occurrence of the factual assumptions that legitimize it; and

(f) Immediate relief, intervention, and measures for the continuity of SERVICES.

Paragraph 3. Any losses caused in the exercise of legally guaranteed administrative powers, including those described in paragraph 2, as well as any right to corresponding indemnification, may be determined through arbitration.

Paragraph 4. As a prerequisite for the initiation of arbitration proceedings, URAE-1 and SABESP must identify, by name, any potential funder of the claim.

Paragraph 5. Arbitration shall be governed by law, applying the rules of the Federative Republic of Brazil, technical standards, and ARSESP standards, and judgment based on equity is prohibited.

Paragraph 6. The decisions of the arbitration court must observe any legal precedents that, under current Brazilian legislation, have binding effect and require observance by Judiciary bodies.

Paragraph 7. The PARTIES may, prior to the initiation of arbitration, request the competent judicial authority to order the relevant precautionary or provisional measures.

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(a) The request made by one of the PARTIES to a judicial authority, aimed at obtaining such measures, shall not be considered as a breach or waiver of the arbitration agreement and shall not compromise the jurisdiction of the arbitral court in this regard.

(b) Any requests or measures implemented by the judicial authority must be notified to the arbitration court, by the PARTY that requested such measure, at the first opportunity in which it addresses the arbitration court.

Paragraph 8. The PARTY must submit its arbitration request to a chamber registered by the State of São Paulo to resolve disputes involving the Direct Administration and its autarchies, under State Decree 64,356/2019.

(a) In the event no arbitration chamber is registered by the State of São Paulo, the PARTY may submit its arbitration request to any arbitration chamber that meets the following requirements:

i. Offers spaces for holding hearings and secretarial services, at no additional cost to the parties, in the city of São Paulo;

ii. Has been regularly constituted for at least five years;

iii. Meets the legal requirements for receiving payment from the Public Administration of the State of São Paulo; and

iv. Has recognized suitability, competence and experience in managing arbitration procedures with the Public Administration.

Paragraph 9. The arbitration process must comply with the provisions of Federal Law 9,307/1996 and State Decree 64,356/2019, the regulations of the adopted arbitration chamber, and the provisions contained in this CONTRACT.

Paragraph 10. The arbitration court may not, under any circumstances, consider documents that have been presented and which do not comply with the provisions of Clause 64, paragraph 4.

Paragraph 11. The language to be used in the arbitration proceedings will be Brazilian Portuguese, with the possibility of using bilingual arbitration (Portuguese and another language) in duly justified situations, at the discretion of the arbitration court.

(a) If the arbitration is bilingual, SABESP shall assume the expenses related to the translation of documents, even when the translated materials result from acts carried out by ARSESP or URAE-1, and these costs may not be included in the procedural costs and expenses for the purposes of reimbursement of arbitration costs.

(b) If there are discrepancies between the content of the decisions or statements presented by the attorneys of the PARTIES in the arbitration, in the Portuguese and foreign language versions, the content of the versions prepared in Portuguese shall prevail.

(c) Technical documents in other languages may be produced, with sworn translation in the event of disagreement between the PARTIES as to their meaning.

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Paragraph 12. The acts of the arbitration process shall be made public, subject to legal confidentiality, legal secrecy, industrial secrecy or when essential to the safety of society and the State and must be justified in each situation.

(a) The following documents relating to ongoing arbitration proceedings will be made available on the Internet: petitions, expert reports, arbitration terms and decisions made by the arbitrators.

(b) Other documents related to the arbitration process may be requested through the Integrated Citizen Information System (SIC.SP).

(c) The hearings of the arbitration process may be reserved for the arbitrators, secretaries of the arbitration court, the PARTIES and ARSESP, their respective representatives and attorneys, witnesses, technical assistants, experts, employees of the arbitration chamber and other individuals previously authorized by the arbitration court.

Paragraph 13. The arbitration court will be comprised by three members, being 1 (one) appointed by URAE-1, 1 appointed (one) by SABESP, and the President appointed in accordance with the regulations of the arbitration chamber.

Paragraph 14. The appointed arbitrator must observe the following requirements:

(a) Be in full civil capacity;

(b) Have technical training and professional experience recognized and compatible with his/her roles, and proven knowledge of the purpose of the CONTRACT, demonstrated through a résumé, or other document capable of attesting said experience;

(c) Not maintain relationships with the PARTIES, or with the dispute submitted to him/her, that can partiality characterize as a conflict of interests, but not limited to:

i. cases of impediment and suspicion imposed on judges, provided for in the Code of Civil Procedure;

ii. if the nominated person carries out legal activities, if a lawsuit has been sponsored by him/her, or by a firm with which he/she is associated, against any of the PARTIES, even if it concerns a matter that is not related to the matter of the dispute;

iii. the situations provided for in the Red and Orange Lists of the IBA Guidelines – International Bar Association, relating to Conflicts of Interest in International Arbitration; and

iv. having acted, in the last 6 (six) months, as a director, manager, employee, outsourced contractor, administrator or partner of SABESP, of SABESP's shareholders, in its economic groups or of its subcontractors, URAE-1, the STATE, ARSESP or at the MUNICIPALITIES.

(d) Commit to being available for the procedural acts and other activities inherent to the role.

Paragraph 15. Individuals who are not on the arbitrators list of the arbitration chamber may be appointed as members of the arbitration chamber.

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Paragraph 16. Those who have acted in another role in the CONTRACT, notably as team members of the VALUATION COMPANY or INDEPENDENT VERIFIER, or who have acted as mediators, may not be appointed as arbitrators.

Paragraph 17. All those appointed to the arbitration court who work in other professional activities will be asked to inform if they provide services that may place them in conflict of interest with the Public Administration, to assess their independence and impartiality and without prejudice to other obligations inherent to the duty of disclosure established by Federal Law 9,307, of September 23, 1996.

(a) All those appointed to the arbitration court who are lawyers will be asked to report if they, or a law firm of which they are associated, are involved in any lawsuit against the Public Administration, as well if they, or a law firm of which they are associated, are involved in matters that are related to the topic of the respective arbitration procedure.

Paragraph 18. In the case of arbitration with multiple parties, such as claimants and/or defendants, there must be consensus on the method of appointing an arbitrator by the parties of the same group. If a consensus is not reached, the regulations of the elected arbitration chamber must be observed.

Paragraph 19. The arbitration decision will be issued in Brazil, and the procedural acts will be carried out in the capital of the State of São Paulo, or in another location previously agreed between the PARTIES.

Paragraph 20. If the arbitration decision is not issued by consensus among the members of the arbitration court, the tiebreaker criterion under the regulations of the adopted arbitration chamber shall be adopted.

Paragraph 21. The payment of costs and expenses relating to the arbitration process will comply with the regime of succumbence provided for in the Code of Civil Procedure, and the losing PARTY will not be requested to reimburse the contractual attorney's fees of the winning PARTY.

Paragraph 22. SABEP must have a cost provision, pursuant to paragraph 2 of article 18 of State Law 16,933/2019, regardless of the PARTY that has initiated the arbitration, and, as applicable, expenses will be reimbursed according to subsequent deliberation by the arbitration court in a final decision, under the rules established by the arbitration chamber's regulations.

Paragraph 23. If an expert assessment is required, an independent expert will be appointed by mutual agreement between the PARTIES or, in the absence of agreement, by the arbitration court, and the costs of the expert assessment, including expert fees, must be paid in advance by SABESP, pursuant to paragraph 22.

(a) The PARTIES may indicate their trusted technical assistants to monitor the expert assessment, with the respective costs not being subject to reimbursement, regardless of the result of the arbitration proceedings.

Paragraph 24. The PARTIES acknowledge that the decisions handed down by the arbitration court may be regularly executed in Brazil, following the execution procedure against the Public Treasury, in which URAE-1, the STATE, the MUNICIPALITIES or ARSESP shall not have any sovereign immunity that inhibits execution.

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Paragraph 25. Decisions handed down by the arbitration court that impose a monetary obligation on URAE-1, the STATE, the MUNICIPALITIES or ARSESP, shall be followed in accordance with the regime of registered warrants or under small-value obligations, under the same conditions imposed on other judicial executive titles.

(a) The provisions of aforementioned paragraph 25 do not apply to decisions handed down by the arbitration court that impose an obligation to rebalance the economic-financial balance in favor of SABESP on URAE-1, the STATE, the MUNICIPALITIES or ARSESP, which will be followed in accordance with ANNEX V – REGULATORY MODEL.

Paragraph 26. The decisions of the arbitration court that impose on URAE-1, the STATE, the MUNICIPALITIES or ARSESP the obligation to rebalance the economic and financial aspects of the CONTRACT, must provide a deadline for URAE-1 to choose the recovery mechanism, among those provided for in the CONTRACT.

(a) Under no circumstances may the ARBITRATION COURT disregard the decision taken by URAE-1 in accordance with ANNEX V – REGULATORY MODEL or paragraph 26 thereto, coercively imposing the restoration of the economic-financial balance through other modalities, regardless if they have been provided for in the CONTRACT.

Paragraph 27. The arbitration decision shall be considered as the final decision power in relation to the dispute between the PARTIES, irrevocable and binding between them.

CHAPTER 27. JURISDICTION

Clause 68. The PARTIES elect the jurisdiction of the district of São Paulo, to the exclusion of any other, however privileged it may be, to carry out, as necessary and solely for this purpose: (i) precautionary or urgent measures or (ii) lawsuits whose object cannot be discussed through arbitration, in addition to lawsuits that guarantee the institution of an arbitration process and the execution of the arbitration decision, under the provisions established by Federal Law 9,307/1996, as amended.

Paragraph 1. The jurisdiction indicated in Clause 68 shall be attributed for any and all claims that:

(a) does not deal with available property rights;

(b) is excluded from arbitration jurisdiction; or

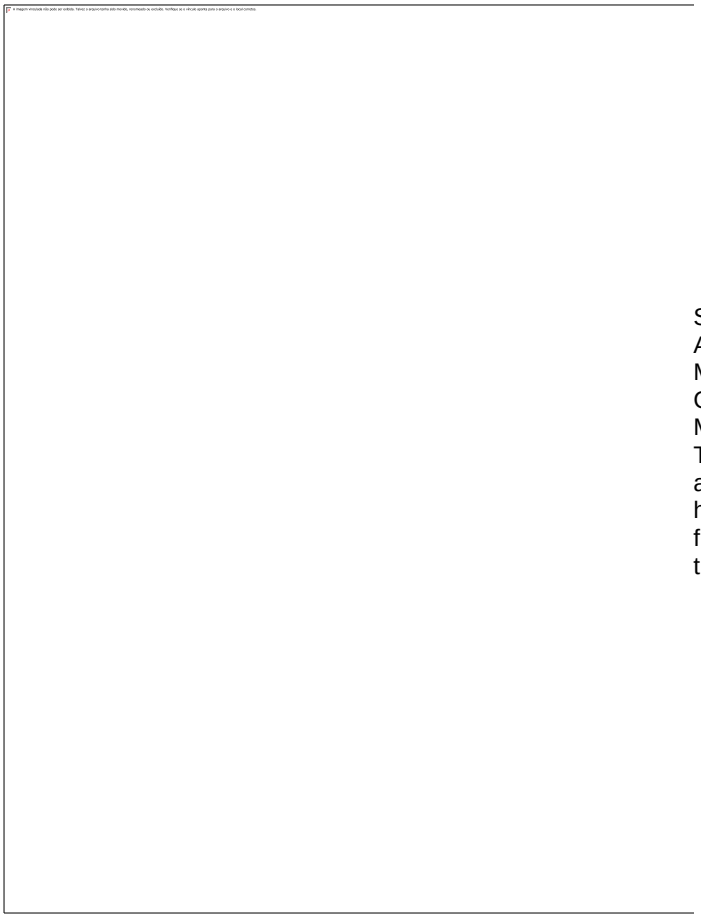
(c) have a precautionary, anticipatory or urgent nature, which cannot await the establishment of the arbitration court for its respective assessment, pursuant to Clause 67, paragraph 7.

TITLE X. FINAL PROVISIONS

CHAPTER 28. GENERAL PROVISIONS

Clause 69. SABESP shall have the right to due administrative processes for all matters established in this CONTRACT, as well as decisions made by ARSESP, under State Law 10,177/98.

Paragraph 1. This CONTRACT binds the PARTIES and their successors in all its aspects.



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Paragraph 2. Any changes made to this CONTRACT will only be valid if signed by both PARTIES, through contractual Amendments and Modifications, except for the possibility of unilateral modification of the CONTRACT by URAE-1 and ARSESP in the exercise of their authorities, under the terms of APPLICABLE LEGISLATION and this CONTRACT.

Paragraph 3. If allowed by any of the PARTIES, even by omission, non-compliance, entirely or partially, with any of the Clauses or conditions of the CONTRACT and its ANNEXES, such fact may not release, relieve or in any way affect or impair the validity and effectiveness of the same Clauses and conditions, which shall remain unchanged, as if no tolerance had occurred.

Paragraph 4. The waiver, by one of the PARTIES, of any right shall not be valid unless expressed in writing and shall be interpreted restrictively, not allowing its extension to any other right or obligation established in this CONTRACT.

Paragraph 5. The nullity or invalidity of any Clause of this CONTRACT shall not prevent the validity and production of effects of any other Clause of this same CONTRACT.

Paragraph 6. All documents related to this CONTRACT must be written in Brazilian Portuguese, or translated into it, by means of a sworn translation, in the case of foreign documents.

(a) In the event of conflict or inconsistency between the document in the original language and the translation, identified by URAE-1 through due diligence, the original text shall prevail.

CHAPTER 29. CALCULATING DEADLINES

Clause 70. When calculating the deadlines established in this CONTRACT, the start day will be excluded and the due date will be included, and consecutive days will be considered, except when expressly provided otherwise.

Clause 71. The deadlines established in this CONTRACT shall only begin and end on business days on which the STATE Public Administration is operational.

CHAPTER 30. PUBLICATIONS AND REGISTRIES

Clause 72. Within 5 (five) days from the EFFECTIVE DATE, URAE-1 will arrange for the publication of its extract in the respective official press, as well as comply with the rules set by the Audit Courts with jurisdiction over the PARTIES.

CHAPTER 31. COMMUNICATIONS

Clause 73. Communications between the parties must be formalized in writing and will be addressed to their respective legal representatives or to parties designated by them for this purpose.

Paragraph 1. Notifications and communications shall be deemed to have been duly received on the date (i) stated on the receipt notice; (ii) of delivery of the judicial or extrajudicial letter; (iii) of proof of fax delivery; (iv) of proof of delivery by internationally recognized courier services; (v) of proof of delivery by e-mail with acknowledgment of receipt; or (vi) of filing with URAE-1, ARSESP or at the address of SABESP.

Paragraph 2. URAE-1, ARSESP and SABESP must, within 15 (fifteen) days from the EFFECTIVE DATE, present, in writing, the names and positions of the respective employees or representatives designated to be responsible for managing the CONTRACT, in technical and administrative aspects and receiving the correspondence provided for herein.

In agreement, the PARTIES sign this CONTRACT by means of electronic signatures.

São Paulo, May 24, 2024.



URAE-1 COORDINATOR OF

URAE-1 NATÁLIA RESENDE A. ÁVILA

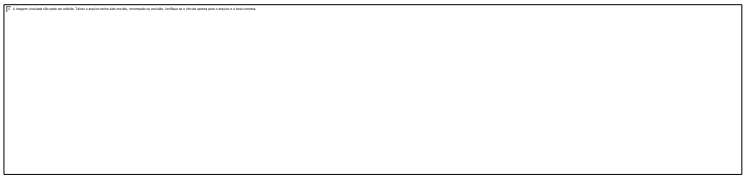
SABESP

CEO REGULATION AND NEW BUSINESSES OFFICER

ANDRÉ GUSTAVO SALCEDO TEIXERIA MENDES

BRUNO MAGALHÃES D'ABADIA

Consenting Intervening Party - ARSESP:



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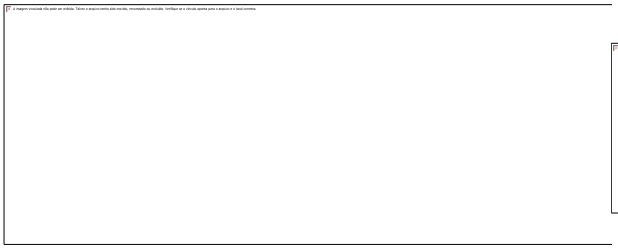



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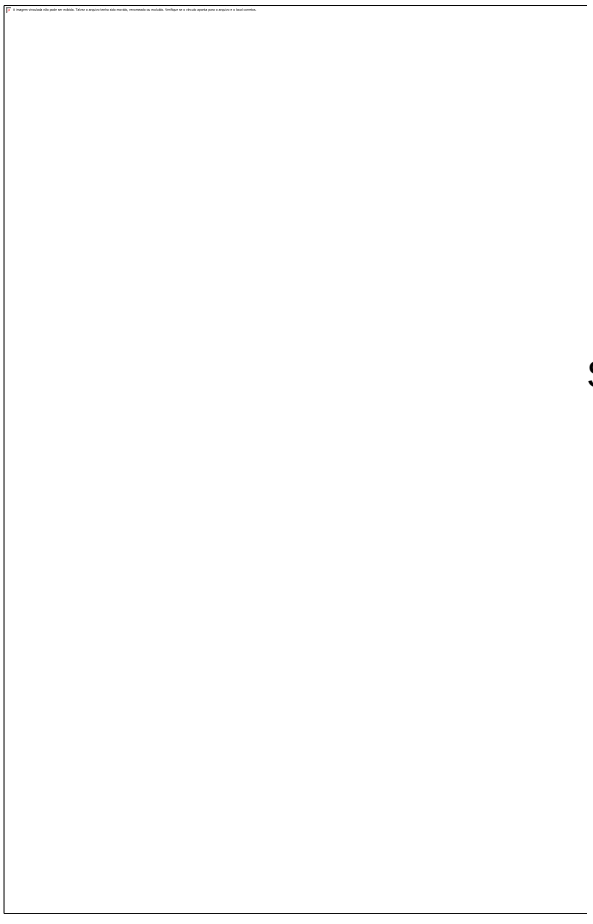

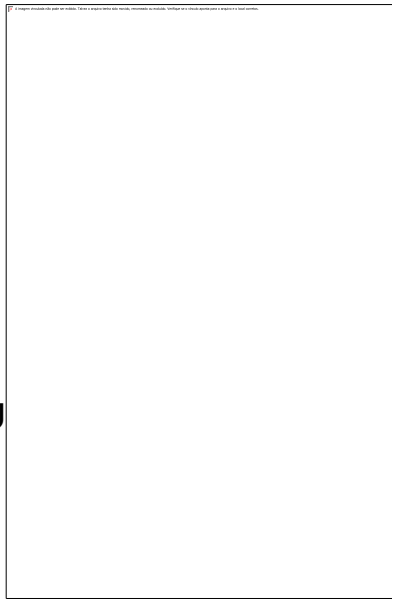

SIGNATURE VERIFICATION

Code for verification: 599E-3A27-1ADE-951F

This document was digitally signed by the following signatories on the indicated dates:

NATALIA RESENDE ANDRADE AVILA (individual taxpayer's ID (CPF) 731.XXX.XXX-53) on 05/24/2024 5:13:55 p.m. (GMT-03:00)

Issued by: Autoridade Certificadora da Presidencia da Republica v5 << Autoridade Certificadora Raiz Brasileira v5 (Assinatura ICP-Brasil)

BRUNO MAGALHAES DABADIA (individual taxpayer's ID (CPF) 010.XXX.XXX-95) on 05/24/2024 6:28:25 p.m. (GMT-03:00)

Role: Approved by

Issued by: AC VALID RFB v5 << AC Secretaria da Receita Federal do Brasil v4 << Autoridade Certificadora Raiz Brasileira v5 (Assinatura ICP-Brasil)

ANDRE GUSTAVO SALCEDO TEIXEIRA MENDES (individual taxpayer's ID (CPF) 071.XXX.XXX-18) on 05/24/2024 6:46:49 p.m. (GMT-03:00)

Role: Approved by

Issued by: AC VALID RFB v5 << AC Secretaria da Receita Federal do Brasil v4 << Autoridade Certificadora Raiz Brasileira v5 (Assinatura ICP-Brasil)

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EXHIBIT I -

MUNICIPALITIES SERVED

List of Municipalities that are part of URAE-1

1	Adamantina	**96**	Emilianópolis	**191**	Miracatu	**286**	Roseira
2	Adolfo	**97**	Espírito Santo do Pinhal	**192**	Mira Estrela	**287**	Rubiácea
3	Aguaí	**98**	Espirito Santo do Turvo	**193**	Mirante do Paranapanema	**288**	Rubinéia
4	Águas da Prata	**99**	Estrela d´Oeste	**194**	Mococa	**289**	Sagres
5	Águas de Santa Bárbara	**100**	Estrela do Norte	**195**	Mombuca	**290**	Salesópolis
6	Águas de São Pedro	**101**	Euclides da Cunha Paulista	**196**	Monções	**291**	Salmourão
7	Agudos	**102**	Fartura	**197**	Mongaguá	**292**	Saltinho
8	Alambari	**103**	Fernandópolis	**198**	Monte Alto	**293**	Salto de Pirapora
9	Alfredo Marcondes	**104**	Fernando Prestes	**199**	Monte Aprazível	**294**	Sandovalina
10	Altair	**105**	Fernão	**200**	Monteiro Lobato	**295**	Santa Albertina
11	Alto Alegre	**106**	Ferraz de Vasconcelos	**201**	Monte Mor	**296**	Santa Branca
12	Alumínio	**107**	Flora Rica	**202**	Morungaba	**297**	Santa Clara d'Oeste
13	Álvares Machado	**108**	Floreal	**203**	Narandiba	**298**	Santa Cruz da Esperança
14	Álvaro de Carvalho	**109**	Flórida Paulista	**204**	Nazaré Paulista	**299**	Santa Cruz do Rio Pardo
15	Alvinlândia	**110**	Florínea	**205**	Nhandeara	**300**	Santa Ernestina
16	Angatuba	**111**	Franca	**206**	Nipoã	**301**	Santa Isabel
17	Anhembi	**112**	Francisco Morato	**207**	Nova Campina	**302**	Santa Maria da Serra
18	Anhumas	**113**	Franco da Rocha	**208**	Nova Canaã Paulista	**303**	Santa Mercedes
19	Aparecida d'Oeste	**114**	Gabriel Monteiro	**209**	Nova Granada	**304**	Santana da Ponte Pensa
20	Apiaí	**115**	Gália	**210**	Nova Luzitânia	**305**	Santana de Parnaíba
21	Araçariguama	**116**	Gastão Vidigal	**211**	Novo Horizonte	**306**	Santa Rosa de Viterbo
22	Arandu	**117**	General Salgado	**212**	Óleo	**307**	Santa Salete
23	Arapeí	**118**	Glicério	**213**	Onda Verde	**308**	Santo Anastácio
24	Arco-iris	**119**	Guapiara	**214**	Oriente	**309**	Santo André
25	Arealva	**120**	Guarani d'Oeste	**215**	Orindiúva	**310**	Santo Antônio do Jardim
26	Areiópolis	**121**	Guararema	**216**	Osasco	**311**	Santo Antônio do Pinhal
27	Arujá	**122**	Guareí	**217**	Oscar Bressane	**312**	Santo Expedito
28	Aspásia	**123**	Guariba	**218**	Osvaldo Cruz	**313**	Santópolis do Aguapeí
29	Assis	**124**	Guarujá	**219**	Ouroeste	**314**	Santos
30	Auriflama	**125**	Guarulhos	**220**	Palmares Paulista	**315**	São Bento do Sapucaí
31	Avaí	**126**	Guzolândia	**221**	Palmeira d'Oeste	**316**	São Bernardo do Campo
32	Avaré	**127**	Hortolândia	**222**	Paraguaçu Paulista	**317**	São Francisco
33	Balbinos	**128**	Iacri	**223**	Paranapanema	**318**	São João da Boa Vista

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34	Bananal	**129**	Iaras	**224**	Paranapuã	**319**	São João das Duas Pontes
35	Barão de Antonina	**130**	Ibirá	**225**	Parapuã	**320**	São José dos Campos
36	Barra do Chapéu	**131**	Ibiúna	**226**	Pardinho	**321**	São Lourenço da Serra
37	Barra do Turvo	**132**	Icém	**227**	Pariquera-Açu	**322**	São Luiz do Paraitinga
38	Barueri	**133**	Igaratá	**228**	Paulínea	**323**	São Manuel
39	Bastos	**134**	Iguape	**229**	Paulistânia	**324**	São Miguel Arcanjo
40	Bento de Abreu	**135**	Ilhabela	**230**	Paulo de Faria	**325**	São Paulo
41	Bernardino de Campos	**136**	Ilha Comprida	**231**	Pederneiras	**326**	São Roque
42	Bertioga	**137**	Indiaporã	**232**	Pedra Bela	**327**	São Sebastião
43	Biritiba-Mirim	**138**	Inúbia Paulista	**233**	Pedranópolis	**328**	São Vicente
44	Bocaina	**139**	Iperó	**234**	Pedregulho	**329**	Sarapui
45	Bofete	**140**	Iporanga	**235**	Pedrinhas Paulista	**330**	Sarutaiá
46	Boituva	**141**	Irapuã	**236**	Pedro de Toledo	**331**	Sebastianópolis do Sul

47	Bom Sucesso de Itararé	**142**	Itaberá	**237**	Pereiras	**332**	Serra Azul
48	Borá	**143**	Itaí	**238**	Peruíbe	**333**	Serra Negra
49	Boracéia	**144**	Itanhaém	**239**	Piacatu	**334**	Sete Barras
50	Botucatu	**145**	Itaoca	**240**	Piedade	**335**	Silveiras
51	Bragança Paulista	**146**	Itapecerica da Serra	**241**	Pilar do Sul	**336**	Socorro
52	Brejo Alegre	**147**	Itapetininga	**242**	Pindamonhangaba	**337**	Sud Mennucci
53	Buri	**148**	Itapeva	**243**	Pinhalzinho	**338**	Suzano
54	Buritizal	**149**	Itapevi	**244**	Piquerobi	**339**	Taboão da Serra
55	Cabreúva	**150**	Itapirapuã Paulista	**245**	Piracaia	**340**	Taciba
56	Caçapava	**151**	Itaporanga	**246**	Piraju	**341**	Taguaí
57	Cachoeira Paulista	**152**	Itaquaquecetuba	**247**	Pirapora do Bom Jesus	**342**	Tapiraí
58	Caiabu	**153**	Itararé	**248**	Pirapozinho	**343**	Tapiratiba
59	Caieiras	**154**	Itariri	**249**	Piratininga	**344**	Taquarituba
60	Cajamar	**155**	Itatiba	**250**	Planalto	**345**	Taquarivaí
61	Cajati	**156**	Itatinga	**251**	Platina	**346**	Tarabai
62	Cajuru	**157**	Itirapuã	**252**	Poá	**347**	Tarumã
63	Campina do Monte Alegre	**158**	Itobi	**253**	Poloni	**348**	Tatuí
64	Campo Limpo Paulista	**159**	Itupeva	**254**	Pongaí	**349**	Taubaté
65	Campos do Jordão	**160**	Jaborandi	**255**	Pontalinda	**350**	Tejupá
66	Cananéia	**161**	Jacupiranga	**256**	Pontes Gestal	**351**	Teodoro Sampaio
67	Canas	**162**	Jales	**257**	Populina	**352**	Terra Roxa
68	Cândido Rodrigues	**163**	Jambeiro	**258**	Porangaba	**353**	Timburi
69	Capão Bonito	**164**	Jandira	**259**	Pracinha	**354**	Torre de Pedra
70	Capela do Alto	**165**	Jarinu	**260**	Praia Grande	**355**	Torrinha
71	Caraguatatuba	**166**	Jeriquara	**261**	Pratânia	**356**	Tremembé
72	Carapicuíba	**167**	Joanópolis	**262**	Presidente Alves	**357**	Três Fronteiras
73	Cardoso	**168**	Juquiá	**263**	Presidente Bernardes	**358**	Tupã
74	Cássia dos Coqueiros	**169**	Juquitiba	**264**	Presidente Epitácio	**359**	Turiúba
75	Catiguá	**170**	Lagoinha	**265**	Presidente Prudente	**360**	Turmalina

76	Cesário Lange	**171**	Laranjal Paulista	**266**	Quadra	**361**	Ubatuba
77	Charqueada	**172**	Lavrinhas	**267**	Quatá	**362**	Ubirajara
78	Colômbia	**173**	Lins	**268**	Queiroz	**363**	União Paulista
79	Conchas	**174**	Lorena	**269**	Queluz	**364**	Urânia
80	Coroados	**175**	Lourdes	**270**	Redenção da Serra	**365**	Uru
81	Coronel Macedo	**176**	Lucélia	**271**	Regente Feijó	**366**	Valentim Gentil
82	Cotia	**177**	Lucianópolis	**272**	Registro	**367**	Vargem
83	Cruzália	**178**	Luiziânia	**273**	Restinga	**368**	Vargem Grande Paulista
84	Cubatão	**179**	Lupércio	**274**	Ribeira	**369**	Várzea Paulista
85	Diadema	**180**	Lutécia	**275**	Ribeirão Branco	**370**	Vitória Brasil
86	Dirce Reis	**181**	Macedônia	**276**	Ribeirão Corrente	**371**	Zacarias
87	Divinolândia	**182**	Magda	**277**	Ribeirão do Sul		
88	Dolcinópolis	**183**	Mairiporã	**278**	Ribeirão dos Índios		
89	Dourado	**184**	Marabá Paulista	**279**	Ribeirão Grande		
90	Duartina	**185**	Maracaí	**280**	Ribeirão Pires		
91	Echaporã	**186**	Mariápolis	**281**	Riversul		
92	Eldorado	**187**	Marinópolis	**282**	Rifaina		
93	Elias Fausto	**188**	Mauá	**283**	Rio Grande da Serra		
94	Embu das Artes	**189**	Meridiano	**284**	Riolândia		

95	Embu-Guaçu	**190**	Mesópolis	**285**	Rosana		

ANNEX II

TECHNICAL ANNEX OF EACH MUNICIPALITY

ANNEX III - VIOLATIONS AND PENALTIES

1. PRESENTATION

1.1. Penalties shall be applied according to the rules established in this ANNEX, under the general norms of the CONTRACT, and provided these legal disciplines are being respected, the provisions established in the ARSESP REGULATION.

1.1.1. Any norm edited by ARSESP that bring provisions or complement the matters related to violations and penalties that may be applied within the scope of the CONTRACT must be compatible with this ANNEX and be submitted to the social control process, pursuant to the terms of the REGULATION, ensuring SABESP's participation and in compliance with the provisions set forth in item. 7.5 of this ANNEX.

1.1.2. The typification and penalties provided for in this ANNEX shall only be applied to the conduct perpetrated by SABESP after the EFFECTIVE DATE, thus any previous conduct shall remain subject to the penalties established in regulation in force at that time.

1.1.3. However, the sanctioning procedure provided for in this ANNEX may be immediately applied, in its entirety, to sanctioning processes that are underway, including those that address the mitigating circumstances provided for in item 3.

1.2. This ANNEX, in addition to the CONTRACT, aims to regulate the penalties applied within the scope of the CONTRACT, typify the contractual violations, and provide details on the administrative procedure for applying contractual penalties, guaranteeing the right to contradiction and the right to a full defense, pursuant to State Law 10,177/1998, observing any subsequent legal disciplines or regulation governing the matter.

1.3. The application of the penalties provided for in this ANNEX, and compliance with these rules, does not prohibit the application of other sanctions provided for in the CONTRACT and other ANNEXES, under APPLICABLE LEGISLATION and relevant regulation to which SABESP is subject.

1.4. Notwithstanding the application of the penalties provided for in this ANNEX, ARSESP may apply as established in the CONTRACT and other ANNEXES, according to article 7, item V of Complementary State Law 1,025/2007, the tariff discount through the X Factor, U Factor, and/or Q Factor, which are not subject to the rules of this ANNEX.

1.5. ARSESP Resolution 31/2008 does not apply to the CONTRACT.

2. GENERAL PROVISIONS

2.1. If a single conduct corresponds to more than one violation, under the provisions set forth in this ANNEX, the principle of specialty shall be observed, in which a penalty corresponding to the most specific violation shall be applied, prohibiting the accumulation of more generic violations relating to the same conduct.

2.2. Penalties shall not be applied to SABESP for violations that are proven to have been a result of force majeure, unforeseeable circumstances and/or if they configure the unenforceability of a different conduct when such event in which SABESP was not liable or responsible for, gave rise to the direct and immediate violation of conduct.

2.2.1. If it is identified that the violation occurred without a hypothetical force majeure and/or unforeseeable circumstances, the penalties shall be applied to SABESP.

2.2.2. For the purpose of applying penalties, notwithstanding the alternative provisions set forth in the REGULATION, the following shall be considered:

2.2.2.1. Force majeure and/or unforeseeable circumstances: an event as so defined under civil law, and which results in a direct and immediate violation within the scope of the CONTRACT;

2.2.2.2. Unenforceability of a different conduct: a situation in which, despite being configured as a foreseen violation in the ANNEX or APPLICABLE LEGISLATION, it was not caused by SABESP, which diligently adopted the necessary measures to produce different results, clearly demonstrated and unequivocally proven in the corresponding process.

2.3. Concurrently with the administrative sanctioning process for the application of penalties provided for in this ANNEX, in situations where the effects from the violation endure in time, notwithstanding the application of penalties for the proven violation of conduct, ARSESP, at its sole discretion, may grant a new period for correcting the irregularities identified through audit, in addition to what was originally foreseen, in a way that is technically compatible for the work, services, activities or practices not yet executed to be performed.

2.3.1. Failure to comply with the obligation within the new period granted shall result in late payment fines of 1% (one percent) per day, over the value of the penalty applied, starting from the first day following the expiration date of the period initially defined, until the date on which the obligation has been fulfilled. Fines, when applied, may not surpass the value of the obligation that has not been fulfilled.

2.3.2. After the period determined by ARSESP has elapsed, along with the correction of the identified irregularity, the penalty applied by ARSESP shall be limited to the value provided for in this ANNEX, without the application of the fine described in item 2.3.1.

2.4. SABESP must develop, install and maintain, throughout the entire term of the CONTRACT, a specific digital web system to manage information, data and documents related to the penalties applied by ARSESP and the respective procedures or administrative processes that were installed.

2.4.1. SABESP may, as requested, allow its fund providers access to the system mentioned in item 2.4.

3. FINES

3.1. Fines shall be applied for violations of conduct, by SABESP, in relation to the clauses contained in the CONTRACT and ANNEXES, under the rules provided for in this ANNEX, observing the provisions of Clauses 42 and 44 of the CONTRACT, and, subsidiary, in the REGULATION.

3.2. In the event SABESP does not comply with any of the obligations foreseen in the CONTRACT or its ANNEXES, for which no specific fine is imposed, the value of the fine shall be calculated based on the value for similar violations classified as irregular conduct in this ANNEX.

3.3. The value of the fine, in the situations provided for in item 3.2, shall always be established respecting the minimum and maximum values established in this ANNEX, ensuring proportionality between the violations and the corresponding sanction, observing the following criteria, as applicable:

i. the nature and severity of the violation;

ii. acts of fraud by SABESP or its agents;

iii. damage caused to ARSESP, the GRANTING AUTHORITY, the SERVICE or the USERS;

iv. benefits granted by SABESP arising from the violation of conduct;

v. measures adopted by SABESP to minimize the damage caused by the violation;

vi. the economic and financial situation of SABESP, in particular its ability to pay its financial commitments, generate revenues and maintain the execution of the CONTRACT;

vii. SABESP's preceding information.

3.4. The value of the fine, defined according to the irregular conduct in this ANNEX or through the mechanism provided for in item 3.3, may be increased or reduced due to the aggravating and mitigating circumstances.

3.4.1. The following shall be considered as mitigating circumstances, notwithstanding other mitigating circumstances provided for in the ARSESP REGULATION:

i. the recognition, during the deadline for submitting the administrative defense or its substitution, of the violation of conduct for the matter of concern, as well as responsibility for said conduct: a 30% (thirty percent) reduction in the established fine value, given that SABESP spontaneously pays the fine after its value has been determined;

ii. the recognition, prior to the sentencing decision, of the violation of conduct for the matter of concern, as well as responsibility for said conduct: a 20% (twenty percent) reduction in the established fine value, given that SABESP spontaneously pays the fine after its value has been determined;

iii. the recognition, after the sentencing decision but prior to the announcement of an administrative appeal, of the violation of conduct for the matter of concern, as well as responsibility for said conduct: a 10% (ten percent) reduction in the established sentenced amount, given that SABESP spontaneously pays the fine after its value has been determined;

3.4.1.1. SABESP may choose to spontaneously pay fine values without it being configured as a recognition to the violation of conduct if, in any of the three situations listed in subitem 3.4.1., it waives any further questioning in all competent authorities and institutions.

3.4.2. The following shall be considered as aggravating circumstances, notwithstanding other aggravating circumstances provided for in the ARSESP REGULATION:

i. a violation of conduct through fraud or in bad faith: 30% (thirty percent) increase over the base value established for the fine;

ii. a violation of conduct that results in irreversible damage to the SERVICE and/or USERS: 30% (thirty percent) increase over the base value established for the fine; and

iii. a violation of conduct that results in damage to USERS, SERVICES or LINKED ASSETS, despite a recommendation, by ARSESP, suggesting actions aimed at mitigating the risk of such damage: 30% (thirty percent) increase over the base value established for the fine.

3.4.3. If more than one aggravating circumstance occurs simultaneously, or if they are combined with mitigating circumstances, the corresponding percentages shall be added or subtracted, in which the net balance of the aggravating and mitigating circumstances shall be applied.

3.4.4. The effectiveness of the mitigating actions provided for in item 3.4.1 is subject to suspensive conditions relating to the spontaneous payment, by SABESP, of

the established fine and applied at the end of the due administrative process. Once the deadline payment period established for the fine has elapsed, without its unconditional payment, any mitigating action will be disregarded and all legally or contractually established measures shall be applied for collecting the fine.

3.4.5. ARSESP may, under the REGULATION, include new aggravating or mitigating circumstances, provided that a public consultation has been carried out prior to amending the standards, observing the following guidelines:

i. the mitigating circumstances must be based on the recognition of a less severe event or a less reprehensible conduct by SABESP, encouraging the adoption of measures to correct irregularities or mitigate damage, or measures to reduce procedural litigation, and the reduction in the established fine value may not surpass 30%, considering any subsequent legal or regulatory discipline governing the matter;

ii. the mitigating circumstances must be based on the recognition of a less severe event or a less reprehensible conduct by SABESP, encouraging the adoption of measures to correct irregularities or mitigate damage, or measures to reduce procedural litigation, and the reduction in the established fine value may not surpass 30%, considering any subsequent legal or regulatory discipline governing the matter;

3.5. In the event a fine has been applied, it shall be paid by SABESP, within 30 (thirty) calendar days from the date the notice of payment was issued, in favor of FAUSP to contribute to the affordability of the fees charged to USERS, and proof of payment must be included in the records of the administrative sanctioning process within the same period.

3.5.1. Failure to make such payment shall result in a claim being filed with the insurer, without any further actions necessary.

3.5.2. SABESP is fully aware that ARSESP may inform the respective insurer regarding the installation of an administrative sanctioning process, thus ensuring its right to eventual indemnity, under the rules provided for in State Law 10,177/1998, observing any subsequent legal or regulatory discipline governing the matter.

3.5.3. Failure to pay fines that have been applied to SABESP within the period established in this ANNEX shall automatically generate an interest of 1% (one percent) per month, and a corresponding monetary adjustment by the IPCA/IBGE price index, pro rata die, starting from the respective due date until the actual payment date. Any monetary penalty that has been applied to SABESP shall be collected as established by current regulation, notwithstanding the registration of the unpaid debt in the State's CADIN and Overdue Debt records.

3.5.4. Failure to pay any due fines, within the established terms and deadlines, shall constitute a severe breach, giving rise to the execution of a PERFORMANCE

GUARANTEE, under the provisions of Clause 11 of the CONTRACT, without any further measures necessary.

4. TEMPORARY SUSPENSION OF THE RIGHT TO BID AND RESTRICTIONS TO SIGN CONTRACTS WITH DIRECT OR INDIRECT PUBLIC ADMINISTRATION BODIES OF THE STATE OF SÃO PAULO AND DECLARATION OF UNSUITABILITY TO BID OR SIGN CONTRACTS WITH PUBLIC ADMINISTRATION BODIES

4.1. The right to participate in bids and to sign contracts with direct or indirect Public Administration Bodies of the State of São Paulo may be suspended, and the declaration of unsuitability to bid or sign contracts with PUBLIC ADMINISTRATION bodies may be applied, respecting the legal rules on the matter, in cases of recurring practices of contractual or regulatory breaches, as well as breaches that cause severe harm to the public interest, in addition to the situations provided for in applicable legislation and standards, with highlight to those foreseen in article 82 of State Law 6,544/1998, when they result in the cancellation of the CONCESSION, also considering the following circumstances, aimed at guaranteeing the principles of reasonableness and proportionality:

i. the nature and severity of the violation;

ii. acts of fraud by SABESP or its agents;

iii. damage caused to ARSESP, the GRANTING AUTHORITY, the DELEGATED SERVICE or the USERS;

iv. benefits granted by SABESP arising from the violation of conduct;

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v. measures adopted by SABESP to minimize the damage caused by the violation;

vi. the economic and financial situation of SABESP, in particular its ability to pay its financial commitments, generate revenues and maintain the execution of the CONTRACT;

vii. SABESP's preceding information.

4.2. The suspension of the right to participate in bids and to sign contracts with direct or indirect Public Administration bodies of the GRANTING AUTHORITY may be applied for a period no longer than 2 (two) years.

4.3. The declaration of unsuitability to bid or sign contracts with Public Administration bodies shall be in effect as long as the reasons for such sanctions still exist or until the matter has been restored with the authority that applied said penalty.

4.3.1. The restoration of the matter must be requested with the authority that applied said penalty and will be granted whenever SABESP compensates the Administration body for losses resulting from its actions, provided that a period of 2 (years) has elapsed since the penalty was applied.

5. PROCEDURE

5.1. The investigation of violations, application of penalties or any other restrictive measures on the rights foreseen in the CONTRACT must be preceded by administrative proceedings, governed by State Law 10,177/1998, observing any subsequent legal or regulatory discipline governing the matter, as well as following the rules established in this ANNEX and, subsidiarily, in the ARSESP REGULATION, notwithstanding the application of the CONTRACT and other ANNEXES, as the case may be, guaranteeing the right to contradiction and the right to a full defense.

5.1.1. The process of applying penalties will initiate by means of a notification to SABESP, duly instructed, as applicable, with a copy of a document describing the identified irregularity, indicating a deadline for presenting a prior defense, pursuant to State Law 10,177/1998, observing any subsequent legal or regulatory discipline governing the matter.

5.1.2. Any errors in classifying or indicating the applicable penalty by the inspection agent may be corrected within the scope of the administrative sanctioning process, with SABESP's defense period being returned, if the correction results in any new factual information.

5.2. It is possible to cumulate, in the same administrative sanctioning process, the following:

i. related cases involving violations that have been identically classified, in which case the dosage of penalties applied will consider the number of violations incurred; and

ii. occurrences that have been identified in the same MUNICIPALITY, during the same inspection procedure carried out by ARSESP, even if the violations receive different classifications.

5.2.1. In the event that violations have been cumulated in the same administrative sanctioning process, all mitigating and aggravating circumstances provided for in this ANNEX, if alleged in prior defense by SABESP, shall be considered separately for each violation.

5.2.2. If mitigating and/or aggravating circumstances have been identified for only a portion of the violations, ARSESP may apply the penalties separately.

5.3. If the current PERFORMANCE GUARANTEE is in the form of a surety bond, ARSESP and the GRANTING AUTHORITY may, at their sole discretion, inform the insurer about the installation of an administrative sanctioning process.

5.4. When summoned through receipt of a physical or electronic notice, SABESP will be responsible for presenting its defense within the deadline established in article 63, item III, of State Law 10,177/1998, observing any subsequent legal or regulatory discipline governing the matter, providing supporting evidence as appropriate.

5.4.1. SABESP's request for producing evidence, pursuant to article 63, section IV, of State Law 10,177/1998, observing any subsequent legal or regulatory discipline governing the matter, shall only be accepted if SABESP, in its

defense, indicates the specific evidence it intends to provide, the purpose, and reason it needs this probationary period.

5.5. If the reasons presented by SABESP are not approved, or the legal period elapses without presentation of a defense, and the contractual violation has been confirmed, the appropriate sanction shall be applied, and SABESP will be notified.

5.5.1. The notification on the application of penalties shall be delivered in written form, requesting confirmation of receipt, or electronically, notwithstanding other means provided for in the ARSESP REGULATION.

5.5.2. SABESP must maintain an updated electronic address with ARSESP, through which it will receive any summons, notifications, subpoenas, or communications related to this CONTRACT, adopting the business day immediately following the sending of electronic communication as the initial day for the deadline.

5.6. In the event a penalty is applied by ARSESP, a single appeal may be filed, within 15 (fifteen) business days from the date on which SABESP received the subpoena, directly to the hierarchically superior authority, within the scope of ARSESP, which issued the decision, pursuant to the provisions of articles 40 and 47, paragraph 2, of State Law 10,177/1998.

5.6.1. The deadline established in item 5.6 applies to reconsideration requests, which may be submitted only once, and exclusively for the situations provided for in article 42 of State Law 10,177/1998.

5.7. Compliance with the penalties imposed by ARSESP does not exempt SABESP from fulfilling the obligations and responsibilities established in the CONTRACT and ANNEXES, as well as from repairing any losses and damage caused to ARSESP and the GRANTING AUTHORITY, its employees, USERS or third parties, arising from the activities related to the CONCESSION.

5.7.1. The rectification of faults identified during the inspection process does not eliminate the lack of compliance and, consequently, corresponding penalties shall be applied, under the terms of the CONTRACT, the ANNEXES, subsidiarily the REGULATION and APPLICABLE LEGISLATION.

5.8. Unless otherwise specified, deadlines will be counted on a consecutive basis, excluding the initial date and including the deadline date, and deadlines expiring on a day that is not a business day at the supervisory body will be extended to the following business day.

5.8.1. Except if expressly foreseen in the CONTRACT, deadlines will only initiate and end on business days at the governing body or entity.

5.8.2. Deadline shall be extended until the following business day if, on the deadline date, business hours close prior to normal hours.

5.8.3. Hourly deadlines will be counted in minutes.

6. VALUES FOR THE FINES

6.1. Violations are classified into categories, according to their severity, and the following penalties and/or contractual regulatory consequences shall apply:

I – Warning

II - Fines:

a) Group I: up to 0.01% of the service provider's annual net revenue;

b) Group II: up to 0.1% of the service provider's annual net revenue;

c) Group III: up to 1.0% of the service provider's annual net revenue;

6.2. For the purpose of establishing fine values, the annual net revenue shall be considered as:

i. the total amount accrued by SABESP, characterized by the gross revenue during the last fiscal year that originated from TARIFF REVENUE, deducting applicable taxes; or

ii. when the violation of conduct is linked to a MUNICIPALITY and/or a specific territorial section (formal urban, consolidated informal urban, and rural), it will be calculated based on the operating area of the service provider in said MUNICIPALITY and/or territorial section where the violation occurred.

6.3. Penalties in the form of warnings, after being resolved by the Board, will be notified to the service provider and recorded as a lack of compliance.

6.4. The total fine value applied in a final decision, which is understood as one that cannot have its own administrative appeal within the scope of the administrative process at ARSESP, arising from violations incurred in the same calendar month, may not exceed 5% (five percent) of SABESP's average monthly revenue, as stated in the balance sheet of the last fiscal year.

6.5. Surpassing the limit established in item 6.4 for 3 consecutive months, or 6 alternating months during the calendar year, may give rise to the initiation of a termination process of the CONTRACT.

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7. IRREGULAR CONDUCT

7.1. Violations of conduct subject to penalties, such as warnings and fines, within Group I shall be considered when, cumulatively:

I SABESP acknowledges the violation of conduct and its responsibility;

II SABESP provide evidence, within the established deadline for presenting its prior defense, that it has already rectified the conduct, observing the deadline required by ARSESP during the inspection process, as applicable; and

III SABESP does not repeat the violation of conduct, as provided for in items 7.1.1 to 7.1.2.2.

7.1.1. For the purpose of this ANNEX, a recurrence shall be considered when the same violation of conduct is repeated within a period of 12 (twelve) months after the date on which the first violation incurred by SABESP.

7.1.1.1. For the purpose of characterizing a recurrence, only violations of conduct incurred by SABESP from the EFFECTIVE DATE onwards will be considered, in accordance with the classification defined in this ANNEX.

7.1.2. For the purpose of characterizing recurrence, it is not required for a conviction to have been issued at the time of the recurring violation, nor do administrative sanctioning proceedings need to have been initiated relating to the previous violation.

7.1.2.1. An administrative conviction for a previous violation is a condition for definitively assigning the status of recurring violator in a subsequent violation of conduct, and consequently to enforce the applicability the fine established in item 7.2.

7.1.2.2. When a conviction regarding a previous violation has not reached its final phase in the administrative sphere, the application of a penalty for a subsequent violation of conduct shall be characterized as a recurrence on a provisional basis, for the purpose of item 7.2, whose effects shall be automatically dropped, regardless of an express request by SABESP, if, at any time and for any reason, a conviction for the previous violation of conduct no longer exists.

7.1.2.3. In situations such as aforementioned item 7.1.2.2, the fine penalty applicable to a recurring violation will only be due when the characterization of a recurrence has been confirmed, and ARSESP must decide, prior to applying the fine, if such fine may be converted into a warning, under the terms of aforementioned item 7.1.

7.2. The following violations of conduct are subject to the penalties and fines within Group I:

I - not allowing ARSESP access to the records of each operational water and sewage treatment unit, with information that allows the identification of the quantity and quality of the water being collected, treated, transported, reserved, distributed and billed for water supply, and information on sewage being collected, pumped, treated and released into the environment, as well as the locations, equipment, shutdown or deactivation of any unit and any other data required by law, regulation or foreseen in the CONTRACT.

II - not allowing USERS access, via the Internet website and at public service locations, to copies of the Consumer Protection Code, the Ministry of Health Ordinance that establishes the water drinkability standards, and the manual on the general conditions for the supply of public water and sewage collection services;

III - not disclosing, through publication in mass media, or not allowing USERS access to the tables informing the APPLICATION TARIFFS at public service locations and on the SABESP website;

IV – not providing, without just cause, and upon proof by a protocol number issued by SABESP, information requested by USERS, exception for information protected by

confidentiality due to business strategy or safety, within the deadline established by law, regulation, the CONTRACT or, if these instruments do not establish a deadline, within the maximum deadline provided for in the REGULATION;

V - not maintaining ARSESP and the GRANTING AUTHORITY with updated records containing the full address of the headquarters and regional offices, as well as the respective means of communication to allow easy access to the company;

VI - not allowing USERS access to the company via a website and through telephone services;

VII - not maintaining a file with all documents of interest or provided to ARSESP, during a minimum of 5 (five) years or during the term of the CONTRACT, when it involves documents required to enable the reversion of REVERSIBLE ASSETS, to calculate any due compensation at the end of the CONTRACT and to monitor the financial flow of the SERVICES;

VIII - not maintaining an updated record of USER complaints and inquiries, containing information such as dates, reasons, fees charged and services executed, as well as not informing the interested party about the measures adopted within the deadline established by applicable regulation and the CONTRACT;

IX - not refunding USERS the amounts proven to have been received unduly, within the deadline established by law, regulation or the CONTRACT or, if these instruments do not establish a deadline, within a maximum period of 30 (thirty) calendar days, starting from the date when the USER communicated the occurrence or when SABESP effectively investigated the occurrence, respecting the fact that the due amount must be refunded in double, pursuant to APPLICABLE LEGISLATION and REGULATION;

X - not highlighting SABESP's telephone number and website information on the USERS' water and sewage bills;

XI - not responding to complaints and service inquiries within the deadlines and under the conditions established by law, regulation or the CONTRACT or, if these instruments do not establish a deadline, within a maximum period of 10 (ten) calendar days, from the receipt protocol;

XII - not measuring and billing in accordance with the provisions of the SERVICE REGULATION;

XIII - not communicating to the competent authorities, immediately after proven knowledge, the discovery of material or unusual objects on construction sites, which may be of geological or archaeological interest;

XIV - not installing water measuring equipment in user units, except in specific situations provided for by law, regulation or the CONTRACT; and

XV - not maintaining records, control and physical inventory of the LINKED ASSETS, under the terms of the CONTRACT.

7.3. The following violations of conduct are subject to the penalties and fines within Group II:

I - suspending SERVICES while the USER's complaint, duly communicated to SABESP, is being analyzed by ARSESP, as applicable, in compliance with the terms set forth in article 33, paragraph 1, of Law 10,177/1998;

II - failure in providing prior notice on the suspension or interruption of water supply, pursuant to the SERVICE REGULATION;

III - failure in providing a database with operational information on historical data and "online" and "real time" information, on the SERVICES, to ARSESP and the GRANTING AUTHORITY, including credible and accurate information, statements and/or reports, within the required deadline, that enable the monitoring of data relating to services corresponding to operational functions, as established in the CONTRACT and ANNEXES;

IV - failure in maintaining updated data or in complying with the minimum requirements defined for the automatic forwarding of information to ARSESP's audit systems, in accordance with deadlines and stages of the established schedules and in compliance with the CONTRACT and ANNEXES;

V – not communicating, in advance, all health establishments and educational and collective hospitalization establishments regarding expected dates in which water supply or sewage collection services will be interrupted or restricted, with an explanation for such interruptions or restrictions, in compliance with the SERVICE REGULATION;

VI - not ensuring the integrity of the LINKED ASSETS to the SERVICES provided;

VII - not carrying out accounting practices in accordance with the rules established by law, regulation or the CONTRACT;

VIII - not forwarding to ARSESP or the GRANTING AUTHORITY, within the established deadline or, in the lack thereof, within the deadline of 7 (seven) days as established in article 32, item VI, of State Law 10,177, of December 30, 1998, data not previously classified by the solicitor as critical, accompanied by the requested information and documents, if the conduct does not characterize another more severe violation, as provided for in this ANNEX or the REGULATION;

IX - failure to comply with ARSESP's determinations within the established deadline or, in the lack thereof, within the deadline of 7 (seven) days as established in article 32, item VI, of State Law 10,177/98;

X – creating obstacles or unjustified resistance to the inspections carried out by ARSESP;

XI - failure in communicating ARSESP and USERS regarding any circumstances that affect the quality, continuity, efficiency and safety that affect USERS or changes the conditions of the SERVICES provided, within the deadlines established in the SERVICE REGULATION;

XII - assigning or transferring operational units and their respective land, for any reason, as well as ensuring these assets as collateral, without prior authorization from ARSESP, under the terms of the CONTRACT;

XIII - not establishing the Ombudsman's Office or Ethics Committee under the terms of State Law 10,294, of April 20, 1999, or not ensuring their adequate operating conditions;

XIV - failure in carrying out and making available the user satisfaction survey to the GRANTING AUTHORITY, ARSESP and USERS, pursuant to legislation, regulation or the CONTRACT;

XV - not executing repair work on pavement of public roads and sidewalks, reinstalling street furniture and horizontal and vertical road signs, as established in the guidelines, technical specifications and deadlines of the CONTRACT and its ANNEXES, as well as in accordance with municipal standards or regulations;

XVI - creating new sewage connections that are discharged into the rainwater drainage network;

XVII – failure in complying with regulatory deadlines to enable the licensing of INVESTMENTS by SABESP;

XVIII – failure in adequately operating, as defined in the CONTRACT, the REGULATION and APPLICABLE LEGISLATION, as well as in ANNEX II, the individual alternative solutions adopted by USERS in rural areas;

XIX - not hiring the VALUATION COMPANY and the INDEPENDENT VERIFIER, under the terms and conditions foreseen in ANNEX VI – GUIDELINES FOR THE VALUATION COMPANY AND THE INDEPENDENT VERIFIER;

XX – not presenting, by December 31, 2026, the regulatory accounting under the terms established in the CONTRACT;

XXI – not presenting, by December 31, 2025, the LICENSING, PERMISSIONS AND AUTHORIZATIONS PLAN; and

XXII – failure in forwarding to ARSESP the results of measurements taken for the quality of treated water or treated sewage, regardless of whether or not the minimum number of measurements required in the CONTRACT or applicable legislation has been surpassed.

7.4. The following violations of conduct are subject to the penalties and fines within Group III:

I - not carrying out the works necessary to provide adequate services, or not maintaining and operating the corresponding facilities and equipment that adequately meets the terms and conditions set out in ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY, as well as its subsequent revisions and changes;

II - not carrying out, within the established deadlines, urgent repairs, improvements, replacements and modifications to the facilities;

III - not communicating immediately to ARSESP and the competent environmental, water resources management and health authorities, any proven knowledge of contamination accidents and changes in standards that affect water quality;

IV - not communicating to USERS, as soon as proven knowledge occurs, of any abnormality in the quality of drinking water standards that could put their health at risk;

V - not carrying out quality control of treated water distributed to the population under the provisions of the Ministry of Health;

VI - interrupting, without prior notice to the contractors, the distribution of wholesale water supply or reducing it to a volume lower than what was contractually agreed by the parties;

VII - establishing rationing measures and procedures to water supply without prior authorization from the water resources management authority and without prior communication to ARSESP;

VIII - interrupting water supply or sewage collection services for reasons related to faults in SERVICES or poor maintenance of systems and facilities affecting:

Municipalities with less than 30,000 inhabitants:	more than 600 customers or over 20% of the municipality's users
Municipalities with 30,000 to 200,000 inhabitants:	more than 4,000 users
Municipalities with 200,000 to 1,000,000 inhabitants:	more than 20,000 users
Municipalities with over 1,000,000 inhabitants:	more than 50,000 users

IX - charging APPLICATION TARIFFS, if applicable, and OTHER PRICES at valueshigher than those authorized by ARSESP;

X - applying tariff discounts in disagreement with the provisions set forth in legislation, regulation or the CONTRACT;

XI - not informing ARSESP and the GRANTING AUTHORITY of the receipt of ADDITIONAL REVENUE, COMPLEMENTARY REVENUE or revenue arising from ASSOCIATED PROJECTS, as well as failure in identifying costs shared with the main object of the contract, through regulatory accounting under the terms of the CONTRACT;

XII - providing false information to ARSESP, the GRANTING AUTHORITY, or the USERS;

XIII - not providing water through the public supply system and within the drinkability standards established in specific legislation issued by the Ministry of Health;

XIV - discharging sewage, after it has been treated, in conditions below the required standards of sanitation plans and environmental agencies, observing the permitted tolerance margin;

XV - not submitting to ARSESP a request for prior approval of any changes to the bylaws and transfer of shares that imply a change in ownership CONTROL, if possible, given the corporate context and APPLICABLE LEGISLATION;

XVI - not forwarding to ARSESP or the GRANTING AUTHORITY, within the established deadline or, in the lack thereof, within the deadline of 7 (seven) days as established in article 32, item VI, of State Law 10,177/98, the data previously classified by the solicitor as critical, accompanied by the requested information and documents;

XVII - failure to comply with the MANDATORY INVESTMENTS as provided for in ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY; and

XVIII – adopting measures to manage losses of treated water by reducing pressure across the water distribution system, thus resulting in a shortage of water for USERS, unless there are exceptional and duly justified reasons that meet the requirements established in the REGULATION.

7.4.1. For the purpose of item XIV of this item, for situations in which more restrictive standards are defined, SABESP shall be granted a reasonable and sufficient adaptation deadline.

7.5. ARSESP may, in the REGULATION and after a public consultation, include, exclude or change the types of violations described in items 7.1 to 7.4, regardless of signing an addendum to the CONTRACT, provided that the following guidelines are followed:

i. Violations of conduct subject to the fines established within the scope of Group I shall be considered those that do not meet the classification requirements for the fines established within the scope of Group II or Group III violations;

ii. Violations of conduct subject to the fines established within the scope of Group II shall be considered those that represent, or result, in any of the following requirements:

- risk to the integrity and conservation of the LINKED ASSETS;
- risk to the environment;
- risk to the health or safety of any person;
- obstacle or unjustified resistance to the inspections carried out by ARSESP;
- failure to comply with a determination set by ARSESP;
- refusal or failure to present information or documents to any person or authority to which it is obliged.

iii. Violations of conduct subject to the fines established within the scope of Group III shall be considered those that represent, or result, in any of the following requirements:

- effective harm to human health;
- effective risk to the environment;
- effective risk to the LINKED ASSETS in providing SERVICES or third-party assets;
- violation of USER rights;
- commercial or tariff practices that are contrary to the requirements established in the CONTRACT, the ANNEXES, the REGULATION or APPLICABLE LEGISLATION;

- risk to the continuity of SERVICES;
- failure to comply with deadlines or requirements established in the CONTRACT, the ANNEXES, the REGULATION, any APPLICABLE LEGISLATION, or the REGIONAL SANITATION PLAN, regarding investments and works that are planned or have been carried out.

7.6. Final decisions issued by ARSESP are definite at an administrative level, and the PARTIES are responsible for adopting, as applicable, the mechanisms provided for in the CONTRACT for resolving disputes.

ANNEX IV - TARIFF ANNEX

SECTION 1 - TARIFF STRUCTURE

1. The tariff structure set forth herein considers the following:

(a) the provisions of State Decree 41,446 of December 16, 1996, where applicable, which regulates the tariff system for services provided by Companhia de Saneamento Básico do Estado de São Paulo – SABESP;

(b) the performance of ARSESP, created by Complementary Law 1,025, of December 07, 2007, as the regulatory agency for SERVICES; and

(c) ARSESP Resolution 1,514 of April 08, 2024, which provides for the approval of the current tariffs of water supply and sewage services provided by Companhia de Saneamento Básico do Estado de São Paulo – SABESP.

2. The charging regime for the SERVICES provided by SABESP will be tariff-based, under the terms of the CONTRACT.

3. As provided for in the CONTRACT and ANNEXES, the tariff regime may include the APPLICATION TARIFF, charged directly to USERS, and the BALANCE TARIFF, which SABESP has the right to receive, even if at a different amount than the APPLICATION TARIFF.

4. TARIFFS will be calculated considering the differences and peculiarities of its provision and the diversity of areas or geographic regions, meeting the following the criteria:

(a) use categories;

(b) water meter capacity;

(c) demand and consumption characteristics;

(d) consumption ranges;

(e) fixed and variable costs;

(f) seasonality; and

(g) residential users' socioeconomic conditions.

4.1. ARSESP will regulate the collection of the APPLICATION TARIFF from USERS due to the provision of a public water supply and sewage network, regardless of the effective connection

to these networks, under the terms of article 45 of Federal Law 11,445/2007, applying the same minimum tariffs, by user category, currently fixed by SABESP until ARSESP publishes the aforementioned regulation.

5. For billing purposes, USERS will be classified into residential, commercial, industrial, public, rural, and other, according to the following categories of use of the SERVICES:

(a) residential: connection used exclusively in homes;
social housing: connection of families registered with the Single Registry (CadÚnico) system (a set of information on Brazilian families living in poverty and extreme poverty, from the Federal Government, with updates that may occur within the scope of said registry), which meet the regulatory requirements to be entitled to the benefit, provided for in ARSESP Resolution 1,514/2024, as well as in SABESP Notice 01/2024 and their future amendments;

(b) vulnerable residential: connection of families registered with the Single Registry (CadÚnico), with the updates that may occur within the scope of said registry, which meet the regulatory requirements to be entitled to the benefit, provided for in ARSESP Resolution 1,514/2024, as well as in SABESP Notice 01/2024 and their future amendments;

(c) special residential: USER who meets the requirements set forth in ARSESP Resolution 1,514/2024, as well as in SABESP Notice 01/2024 and their future amendments;

(d) commercial: connection in which the activity performed is included in the commercial classification established by IBGE;

(e) special commercial: USER who meets the requirements set forth in ARSESP Resolution 1,514/2024, as well as in SABESP Notice 01/2024 and their future amendments;

(f) industrial: connection in which the activity performed is included in the industry classification established by IBGE;

(g) public: connection used by the Executive branch, the Legislative branch, the Judiciary, and Autonomous Government Agencies and Foundations linked to Public Authorities;

(h) rural: connection used exclusively in rural units, whose SERVICE provision system is different from the categories referred to in items I to IV and complies with the applicable technical standards; and

(i) other: connection in which the activities performed are excluded from the categories referred to in items (a) to (i).

5.1. ARSESP will provide SABESP, at most once a year, until the PERIODIC TARIFF ADJUSTMENT or REVISION occurs, with the updated list of the SINGLE REGISTRY, so that SABESP can update the USERS eligible for the SOCIAL TARIFF, for the purpose of granting tariff benefits, in accordance with ARSESP regulations, ensuring the USER's right to prove their eligibility, if necessary, in accordance with clause 4, (v) of the CONTRACT.

6. Tables 1 to 9 indicate the basic tariff structure for the SERVICES provided by SABESP in the SERVICEABLE AREA.

6.1. The specific values of the APPLICATION RATES for each of the current tariff tables, under the terms of ARSESP Resolution 1,514, of April 08, 2024, will be updated according to the rules provided for in this item, in Annex VIII - SETTING THE INITIAL TARIFF, in Annex V - REGULATORY MODEL and ARSESP Resolutions, also considering the flow of resources from FAUSP.

6.1.1. The specific values of the APPLICATION RATES referenced in Tables 1 to 9 below adopt the following assumptions and consider (i) as reference, tariff values, for the application of discounts by the STATE, those in force under the terms of ARSESP Resolution 1,514/2024 and SABESP Notice 01/2024; (ii) that the CONTRACT will be observed by all MUNICIPALITIES listed in Annex I – MUNICIPALITIES SERVED; (iii) that the discount amount granted by the STATE is linked to the definitive list of MUNICIPALITIES which will be included in Annex I – MUNICIPALITIES SERVED after the EFFECTIVE DATE, with SABESP hereby authorized to communicate the new values to USERS, after the determination of the discount in accordance with item (iii) of this item 6.1.1; and (iv) that they will take effect until the 1st ADJUSTMENT by means of a notice, issued under the terms of article 28 of State Decree 41,446/1996.

6.2. The tariff structure and its different regional tables in force under the terms of ARSESP Resolution 1,514, of April 08, 2024, summarized in Tables 1 to 9 - Basic Tariff Structure below, must be maintained throughout the 1st TARIFF CYCLE, with future changes subject to ARSESP Resolution.

6.3. The APPLICATION TARIFF, excluding discounts for the U FACTOR and the Q FACTOR, must not be lower than that referenced in item 6.4 of this ANNEX, with the appropriate inflation adjustments, during the first two tariff cycles. Furthermore, the APPLICATION TARIFF must also be the lowest value between the BALANCE TARIFF and the reference tariff set out in Appendix I to Annex V, under the terms of article 2, sole paragraph, of Law 17,853/2023.

6.4. The values for each type of service and use category vary according to the region of the MUNICIPALITY.

Tables 1 to 9: Basic tariff structure.

Table 1 - Maintenance and Operations Board (GT-O)

Includes the municipalities of the following business units: OC, OL, OO, ON (except for the municipalities of Bragança Paulista, Joanópolis, Nazaré Paulista, Pedra Bela, Pinhalzinho, Piracaia, Socorro, and Vargem), OS, in addition to the municipalities of Guararema and Santa Isabel.

Residential Social	Unit	Water Tariff	Sewage Tariff
0 to 10	R$/month	10.76	10.76
11 to 20	R$/m³	2.05	2.05
21 to 30	R$/m³	7.32	7.32
31 to 50	R$/m³	10.42	10.42

Over 50	R$/m³	11.51	11.51
Residential Vulnerable	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	8.21	8.21
11 to 20	R$/m³	1.03	1.03
21 to 30	R$/m³	3.45	3.45
31 to 50	R$/m³	10.42	10.42
Over 50	R$/m³	11.51	11.51
Residential	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	37.96	37.96
11 to 20	R$/m³	6.01	6.01
21 to 50	R$/m³	14.98	14.98
Over 50	R$/m³	16.50	16.50
Commercial / Industrial / Public with no contract	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	76.6	76.6
11 to 20	R$/m³	14.98	14.98
21 to 50	R$/m³	28.71	28.71
Over 50	R$/m³	29.90	29.90
Commercial: Social Welfare Entities	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	38.30	38.30
11 to 20	R$/m³	7.48	7.48

21 to 50	R$/m³	14.41	14.41
Over 50	R$/m³	14.97	14.97
Public with contract	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	57.39	57.39
11 to 20	R$/m³	11.22	11.22
21 to 50	R$/m³	21.59	21.59
Over 50	R$/m³	22.44	22.44
Rural Residential (without meter)	**Unit**	**Water Tariff**	**Sewage Tariff**
Unmetered consumption	R$/month	37.96	37.96

Table 2 - Metropolitan Board (GT-O)

Includes the municipalities of Bragança Paulista, Joanópolis, Nazaré Paulista, Pedra Bela, Pinhalzinho, Piracaia, Socorro, and Vargem.

Residential Social	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	10.76	8.6
11 to 20	R$/m³	1.86	1.5
21 to 30	R$/m³	4.04	3.2
31 to 50	R$/m³	5.75	4.64
Over 50	R$/m³	6.85	5.52
Residential Vulnerable	**Unit**	**Water Tariff**	**Sewage Tariff**

0 to 10	R$/month	8.21	6.56
11 to 20	R$/m³	1.03	0.83
21 to 30	R$/m³	3.45	2.77
31 to 50	R$/m³	10.42	8.35
Over 50	R$/m³	11.51	9.23
Residential	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	37.96	30.44
11 to 20	R$/m³	5.34	4.22
21 to 50	R$/m³	8.21	6.56
Over 50	R$/m³	9.82	7.82
Commercial / Industrial / Public with no contract	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	76.6	61.27
11 to 20	R$/m³	9.11	7.23
21 to 50	R$/m³	14.72	11.77
Over 50	R$/m³	17.29	13.79
Commercial: Social Welfare Entities	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	38.3	30.64
11 to 20	R$/m³	4.6	3.61
21 to 50	R$/m³	7.42	5.95
Over 50	R$/m³	8.66	6.92
Public with contract	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	57.39	45.95
11 to 20	R$/m³	6.79	5.47
21 to 50	R$/m³	11.1	8.84
Over 50	R$/m³	12.93	10.38
Other Services	**Unit**	**Water Tariff**	**Sewage Tariff**
Tank Car: Third Parties	R$/m³	59.85	-
Tank Car: Sabesp	R$/m³	146.84	-
Permissionaires	R$/1,000 m³	3,299.03	-
Rural Residential (without meter)	**Unit**	**Water Tariff**	**Sewage Tariff**
Unmetered consumption	R$/month	37.96	30.44

Table 3 - Maintenance and Operations Board (OX and OI)

Includes the municipalities of the business units: OX and OI

Residential Social	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	10.76	10.76
11 to 20	R$/m³	1.86	1.86
21 to 30	R$/m³	3.46	3.46
31 to 50	R$/m³	4.93	4.93
Over 50	R$/m³	6.70	6.70
Residential Vulnerable	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	8.21	8.21
11 to 20	R$/m³	1.03	1.03

21 to 30	R$/m³	3.45	3.45
31 to 50	R$/m³	10.42	10.42
Over 50	R$/m³	11.51	11.51
Residential	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	37.96	37.96
11 to 20	R$/m³	5.34	5.34
21 to 50	R$/m³	7.07	7.07
Over 50	R$/m³	9.58	9.58
Commercial / Industrial / Public with no contract	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	76.6	76.6
11 to 20	R$/m³	10.02	10.02
21 to 50	R$/m³	21.91	21.91
Over 50	R$/m³	23.65	23.65
Commercial: Social Welfare Entities	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	38.30	38.30
11 to 20	R$/m³	5.04	5.04
21 to 50	R$/m³	11.01	11.01
Over 50	R$/m³	11.87	11.87
Public with contract	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	57.39	57.39
11 to 20	R$/m³	7.51	7.51
21 to 50	R$/m³	16.45	16.45
Over 50	R$/m³	17.77	17.77
Other Services	**Unit**	**Water Tariff**	**Sewage Tariff**
Tank Car: Third Parties	R$/m³	59.85	0
Tank Car: Sabesp	R$/m³	146.84	0
Ferries and Ships	**Unit**	**Water Tariff**	**Sewage Tariff**
Santos Coastal Area (*Baixada Santista*) - RS	R$/m³	26.32	
North Coast (*Litoral Norte*) - RN	R$/m³	40.35	
Rural Residential (without meter)	**Unit**	**Water Tariff**	**Sewage Tariff**
Unmetered consumption	R$/month	37.96	37.96

Table 4 - Maintenance and Operations Board (OR)

Includes the municipalities of the OR unit, except for: Apiaí, Barra do Chapéu, Itaóca, Itapirapuã Paulista, and Ribeira

Residential Social	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	10.76	10.76
11 to 20	R$/m³	1.86	1.86
21 to 30	R$/m³	4.04	4.04
31 to 50	R$/m³	5.75	5.75
Over 50	R$/m³	6.85	6.85
Residential Vulnerable	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	8.21	8.21

11 to 20	R$/m³	1.03	1.03
21 to 30	R$/m³	3.45	3.45
31 to 50	R$/m³	10.42	10.42
Over 50	R$/m³	11.51	11.51
Residential	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	37.96	37.96
11 to 20	R$/m³	5.34	5.34
21 to 50	R$/m³	8.21	8.21
Over 50	R$/m³	9.82	9.82
Commercial / Industrial / Public with no contract	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	76.6	76.6
11 to 20	R$/m³	9.11	9.11
21 to 50	R$/m³	15.37	15.37
Over 50	R$/m³	19.49	19.49
Commercial: Social Welfare Entities	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	38.3	38.3
11 to 20	R$/m³	4.6	4.6
21 to 50	R$/m³	7.74	7.74
Over 50	R$/m³	9.81	9.81
Public with contract	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	57.39	57.39
11 to 20	R$/m³	6.79	6.79
21 to 50	R$/m³	11.56	11.56
Over 50	R$/m³	14.67	14.67
Other Services	**Unit**	**Water Tariff**	**Sewage Tariff**
Tank Car: Third Parties	R$/m³	59.85	
Tank Car: Sabesp	R$/m³	146.84	
Rural Residential (without meter)	**Unit**	**Water Tariff**	**Sewage Tariff**
Unmetered consumption	R$/month	37.96	37.96

Table 5 - Maintenance and Operations Board (GT - Interior)

Includes the municipalities of the following units: OP, OU, OF, OJ, OM, OR (only for the municipalities of Apiaí, Barra do Chapéu, Itaóca, Itapirapuã Paulista, and Ribeira) and OT (except for the municipality of Lins)

Residential Social	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	10.76	8.6
11 to 20	R$/m³	1.86	1.5
21 to 30	R$/m³	4.04	3.2
31 to 50	R$/m³	5.75	4.64
Over 50	R$/m³	6.85	5.52
Residential Vulnerable	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	8.21	6.56
11 to 20	R$/m³	1.03	0.83

21 to 30	R$/m³	3.45	2.77
31 to 50	R$/m³	10.42	8.35
Over 50	R$/m³	11.51	9.23
Residential	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	37.96	30.44
11 to 20	R$/m³	5.34	4.22
21 to 50	R$/m³	8.21	6.56
Over 50	R$/m³	9.82	7.82
Commercial / Industrial / Public with no contract	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	76.60	61.27
11 to 20	R$/m³	9.11	7.23
21 to 50	R$/m³	14.72	11.77
Over 50	R$/m³	17.29	13.79
Commercial: Social Welfare Entities	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	38.3	30.64
11 to 20	R$/m³	4.6	3.61
21 to 50	R$/m³	7.42	5.95
Over 50	R$/m³	8.66	6.92
Public with contract	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	57.39	45.95
11 to 20	R$/m³	6.79	5.47
21 to 50	R$/m³	11.1	8.84
Over 50	R$/m³	12.93	10.38
Other Services	**Unit**	**Water Tariff**	**Sewage Tariff**
Tank Car: Third Parties	R$/m³	59.85	
Tank Car: Sabesp	R$/m³	146.84	
Rural Residential (without meter)	**Unit**	**Water Tariff**	**Sewage Tariff**
Unmetered consumption	R$/month	37.96	30.44

Table 6 - Maintenance and Operations Board (OV)

Includes the municipalities of the OV unit (except for the municipalities of Guararema and Santa Isabel).

Residential Social	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	10.76	8.6
11 to 20	R$/m³	1.86	1.5
21 to 30	R$/m³	4.04	3.2
31 to 50	R$/m³	5.75	4.64
Over 50	R$/m³	6.85	5.52
Residential Vulnerable	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	8.21	6.56
11 to 20	R$/m³	1.03	0.83
21 to 30	R$/m³	3.45	2.77
31 to 50	R$/m³	10.42	8.35
Over 50	R$/m³	11.51	9.23

Residential	Unit	Water Tariff	Sewage Tariff
0 to 10	R$/month	37.96	30.44
11 to 20	R$/m³	5.34	4.22
21 to 50	R$/m³	8.21	6.56
Over 50	R$/m³	9.82	7.82
Commercial / Industrial / Public with no contract	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	76.6	61.27
11 to 20	R$/m³	9.11	7.23
21 to 50	R$/m³	15.17	12.15
Over 50	R$/m³	19.27	15.36
Commercial: Social Welfare Entities	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	38.30	30.64
11 to 20	R$/m³	4.6	3.61
21 to 50	R$/m³	7.63	6.07
Over 50	R$/m³	9.54	7.71
Public with contract	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	57.39	45.95
11 to 20	R$/m³	6.79	5.47
21 to 50	R$/m³	11.35	9.15
Over 50	R$/m³	14.46	11.57
Other Services	**Unit**	**Water Tariff**	**Sewage Tariff**
Tank Car: Third Parties	R$/m³	59.85	-
Tank Car: Sabesp	R$/m³	146.84	-
Rural Residential (without meter)	**Unit**	**Water Tariff**	**Sewage Tariff**
Unmetered consumption	R$/month	37.96	30.44

Table 7 - Maintenance and Operations Board

For the municipalities of Adamantina and Pirapozinho.

Special Commercial	Unit	Water Tariff	Sewage Tariff
0 to 10	R$/month	57.46	45.96
11 to 20	R$/m³	6.81	5.36
21 to 50	R$/m³	14.72	11.77
Over 50	R$/m³	17.29	13.79

Note: The tariffs of Table 5 apply to the remaining categories.

Table 8 - Maintenance and Operations Board

For the municipality of Presidente Prudente

Special Residential	Unit	Water Tariff	Sewage Tariff
0 to 10	R$/month	32.43	25.99
11 to 20	R$/m³	4.57	3.6
21 to 50	R$/m³	8.21	6.56
Over 50	R$/m³	9.82	7.82
Special Commercial	**Unit**	**Water Tariff**	**Sewage Tariff**
0 to 10	R$/month	57.46	45.96
11 to 20	R$/m³	6.81	5.36
21 to 50	R$/m³	14.72	11.77
Over 50	R$/m³	17.29	13.79

Note: The tariffs of Table 5 apply to the remaining categories.

Table 9 - Maintenance and Operations Board

Wholesale water supply and sewage treatment for permissionaire municipalities in the Metropolitan Region of São Paulo (actual tariff in R$/1,000 m³)

Municipality	Wholesale water	Sewage treatment
Mogi das Cruzes	3,299.03	2,125.53
São Caetano do Sul	3,299.03	2,125.53

Table 10 – Rural Residential Without Meter

Wholesale water supply and sewage treatment for permissionaire municipalities in the Metropolitan Region of São Paulo (actual tariff in R$/1,000 m³)

Rural Residential (without meter)	Unit	Water tariff	Sewage tariff
Unmetered consumption	R$/month		

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EX V

REGULATOR

Y MODEL

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EXHIBIT V - REGULATORY MODEL

1. Chapter 1 - Preamble and purpose

1.1. This Annex V – Regulatory Model ("**ANNEX**") established the mandatory parameters and assumptions applicable to the exercise of economic regulation,

which must be observed by ARSESP throughout the entire term of the CONTRACT.

1.2. This ANNEX will be binding on the PARTIES and ARSESP.

1.3. Capitalized terms will have the definitions contained in Clause 1 of the CONTRACT (Title II – Definitions – Chapter 1 – Glossary), or, when they are not defined in the CONTRACT, will have the definitions detailed in this ANNEX.

2. Chapter 2 - Definitions

2.1. For the purposes of this ANNEX, the following definitions apply:

(a) COMPENSATORY ADJUSTMENT: a financial component to be applied within the scope of the ADJUSTMENTS or PERIODIC TARIFF REVISIONS or EXTRAORDINARY REVISION, intended exclusively to correct errors or inaccuracies identified in the tariff formulas, input data, or calculation processes used in the most recent ADJUSTMENT or PERIODIC REVISION or EXTRAORDINARY REVISION, and based on the actual amounts spent on certain non-manageable cost components, as provided for in item 3.13 of this ANNEX. It is not intended to address economic-financial imbalances, which are the subject of PERIODIC TARIFF REVISION or EXTRAORDINARY REVISION;

(b) ADVANCE OF MUNICIPAL FUNDS ("ADVANCE"): early transfer to the municipalities listed in Annex VIII – INITIAL TARIFF FORMATION, according to Annexes II – TECHNICAL ANNEX FOR EACH MUNICIPALITY, comprising the amounts of MUNICIPAL FUNDS. The total amount advanced is defined in Annex VIII – INITIAL TARIFF FORMATION INICIAL and shall be remunerated and fully recovered over the term of the CONTRACT;

(c) RAB UPDATE: calculation of the updated value of the BAR, to occur periodically within the timelines defined in the CONTRACT and its ANNEXES, based on ARSESP's recognition of INVESTMENTS in LINKED ASSETS made by SABESP based on the ASSET VALUATION REPORT, and will impact the calculation of TARIFFS;

(d) REGULATORY ASSET BASE (RAB): consists of all investments that are (i) eligible – related to service provision; (ii) useful – necessary for service provision; (iii) prudent – incurred at market-aligned costs; and (iv) in use by the provider, and which have been made at its own expense, which shall be remunerated and depreciated/amortized through TARIFFS;

(e) SHIELDED RAB: composed of assets listed in the ASSET VALUATION REPORT validated by ARSESP during the most recent tariff event, whether an annual ADJUSTMENT or a PERIODIC TARIFF REVISION. These assets must be monetarily updated and adjusted considering write-offs, depreciation, changes to the UTILIZATION INDEX, and eligible reclassifications;

(f) FINAL RAB: the asset base as of December of the REFERENCE PERIOD year. It corresponds to the INITIAL BAR of the REFERENCE PERIOD after adjustments, including deduction of accumulated depreciation, write-offs, adjustments to the UTILIZATION INDEX, eligibility reclassifications, and incorporation of capitalized investments during the REFERENCE PERIOD;

(g) INITIAL RAB: the initial RAB of the REFERENCE PERIOD, corresponding to the SHIELDED RAB of the year before the REFERENCE PERIOD year;

(h) INCREMENTAL RAB: composed of operational assets annually added to the SHIELDED RAB;

(i) GROSS REGULATORY ASSET BASE (RABgross): the RAB before deduction of depreciation. It is used in the calculation of the REGULATORY REINTEGRATION QUOTA (RRQ);

(j) NET REGULATORY ASSET BASE (RABnet): refers to the RABgross minus accumulated depreciation and the application of the UTILIZATION INDEX. Therefore, it corresponds to the set of investments not yet depreciated or amortized. They make up the RRB;

(k) REGULATORY REMUNERATION BASE (RRB): the amount comprising prudent investments not yet depreciated or amortized (RABnet), the COMPENSATION for flooded areas, and the value of the ADVANCE, all of which shall be remunerated at the REGULATORY REMUNERATION RATE in the TARIFFS;

(l) TARIFF CYCLE: the period between the PERIODIC TARIFF REVISIONS of the CONTRACT, on the dates defined in item 3.2 of this ANNEX;

(m) CERTIFICATION: the annual investment certification process to be carried out by the VALUATION COMPANY, whose role is governed in Annex VI – GUIDELINES FOR THE VALUATION COMPANY AND THE INDEPENDENT VERIFIER;

(n) COMPENSATION FOR FLOODED AREAS ("COMPENSATION"): financial compensation paid to municipalities for flooded areas and, therefore, rendered unproductive, resulting from the construction of water reservoirs for the human supply of the Metropolitan Integrated System. The compensation amount is defined in ANNEX VIII and must be remunerated and fully recovered over the term of the CONTRACT;

(o) FIRM DEMAND: pre-existing contracts as of the EFFECTIVE DATE, signed between SABESP and non-residential USERS, that grant discounts on the payment of water and sewage tariffs;

(p) DEPRECIATED REPLACEMENT COST (DRC): valuation methodology for the INCREMENTAL RAB that consists of the cost of replacing each asset with another of identical functionality and capacity, replacing it under identical technical conditions, considering acquisition values compatible with market prices and accounting for the accumulated depreciation since the asset's start-up or capitalization. That is, the methodology considers the cost to build the asset under identical conditions, using the same technology and engineering solutions, less physical depreciation incurred from the asset's acquisition and its valuation;

(q) TECHNICAL EFFICIENCY: consists in the optimization of the company's internal processes to reduce costs and improve practices in organization, operation and maintenance, and procurement of inputs, among others;

(r) IMBALANCE EVENT: any event, act, or fact that impacts the economic-financial equation defined in the most recent PERIODIC TARIFF REVISION or EXTRAORDINARY REVISION and whose treatment is not provided for in the regulatory model outlined in this ANNEX;

(s) K FACTOR: technical coefficient attributed to the pollutant load resulting from the discharge of non-domestic sewage into SABESP's network, which, in general, increases the monthly billing for large users such as industrial and commercial customers whose effluents are discharged into the public network;

(t) X FACTOR: a pre-established factor applied to transfer to USERS the efficiency gains resulting from the adoption of technologies, estimated according to the methodology in this ANNEX;

(u) LARGE USERS: non-residential USERS, as defined in ARSESP Resolution 818/2018 and its amendments, whose tariffs may be directly negotiated through specific contracts, according to the rules for FIRM DEMAND outlined in this Annex and in future ARSESP Resolutions;

(v) UTILIZATION INDEX: a percentage defined by ARSESP, after previous measurement by the VALUATION COMPANY, based on verification and qualified analysis of the actual use of the asset in the SERVICES. This index may apply to land, buildings, water and sewage treatment stations, and other patrimonial assets indicated in the REGULATION. The calculation rules for this index are provided in Resolution 1,488 of January 12, 2024 and subsequent amendments, with the assurance of non-retroactivity of effects;

(w) MALMQUIST INDEX: a methodology that estimates changes in the productivity of a sector between two distinct TARIFF CYCLES. For the purposes of measuring the X FACTOR, only the component of the MALMQUIST INDEX, or any replacement thereof, that reflects

productivity gains associated with the average technological change in the basic sanitation sector will be adopted;

(x) INPUTS: variables to be explained in an efficiency analysis model such as the MALMQUIST INDEX. They correspond to the resources used by companies in a sector to generate a given level of product;

(y) ASSET VALUATION REPORT: inventory and description of the assets in use capitalized during the REFERENCE PERIOD through specific treatment for each group of assets depending on its relevance in terms of value and the feasibility of physical field of verification. The detailed composition of asset costs and valuation using the DRC method to be used in the ASSET VALUATION REPORT will be defined by ARSESP in a specific resolution;

(z) REFERENCE MARKET: the water distribution and sewage collection market observed during the REFERENCE PERIOD, whose information includes data on volumes, number of units, and connections;

(aa) AGING METHODOLOGY, OR DEBT AGING CURVE:
consists in the payment flow behavior of billed accounts in a given month, verifying the monthly non-payment percentage, i.e., the portion of billed amounts from previous months that remain unpaid compared to the total billing. The regulatory target corresponds to the stabilization point of the curve showing monthly non-payment percentages;

(bb) WORKING CAPITAL REQUIREENT (WCR): minimum amount of highly-liquid resources needed to ensure SABESP's short-term operations. The WCR amount to be remunerated is included in the capital remuneration, along with the amount resulting from applying the REGULATORY REMUNERATION RATE to the RRB;

(cc) ECONOMIC LEVEL OF LOSSES (ELL): a method for calculating the level of water losses that equates the benefit of avoiding losses with the cost of combating them;

(dd) OPEX: set of operational costs, i.e., expenses with personnel, third-party services, treatment and general supplies, electricity, as well as other general expenses and taxes related to SABESP's core activity;

(ee) WATER LOSSES: defined as the difference between the VOLUME OF WATER PRODUCED minus the VOLUME FOR SPECIAL USES and the volume of consumption measured for all users. They are divided into real (physical) losses—related to water volume that entered the supply system but did not reach the user due to leaks and overflows in the infrastructure—and apparent (commercial) losses, corresponding to water consumed by USERS but not measured due to metering errors, registration failures, fraud, and illegal connections;

(ff) REFERENCE PERIOD: a 12-month reference period, from January to December of the year preceding the TARIFF ADJUSTMENT or PERIODIC TARIFF REVISION;

(gg) COUNTRY RISK PREMIUM: represents the compensation for the additional risk borne by an investor when investing in Brazil, rather than in the United States of America, which is used as a reference country in determining the cost of equity capital used in the REGULATORY REMUNERATION RATE calculation;

(hh) OUTPUTS: variables that explain the level of INPUTS in an efficiency analysis model. In the case of the MALMQUIST INDEX model, these correspond to the cost drivers associated with operating the SERVICES;

(ii) COMMERCIAL PROGRAMS: contracts signed between SABESP and non-residential USERS that grant discounts on water and sewage tariffs, provided they meet the criteria outlined in ARSESP Resolution 1,150 of April 08, 2021, or any subsequent regulation;

(jj) REGULATORY REINTEGRATION QUOTA (RRQ): the annual amount intended to restore, over their useful lives, the LINKED ASSETS, COMPENSATION for flooded areas, and the ADVANCE. It corresponds to (1) the inverse of the regulatory useful life, applied to the gross regulatory asset base (RABgross) to calculate capital recovery associated with the LINKED ASSETS; and (2) the inverse of the remaining contract term when applied to the COMPENSATION and ADVANCE amounts.

(kk) ADJUSTMENT: the annual adjustment of TARIFF values according to the CONTRACT and this ANNEX, accounting for inflation variation, efficiency-sharing factors, potential deductions due to failure to meet quality targets and indicators, as well as asset base changes in the first two cycles, as detailed in Chapter 5 of this ANNEX;

(ll) REQUIRED REVENUE (RR): the revenue needed to cover SABESP's costs defined under regulatory terms, considering efficient costs and an adequate return on prudently invested capital, determined during the annual tariff ADJUSTMENT process in the first two cycles or in the PERIODIC TARIFF REVISION process, as described in item 3.4 of this ANNEX;

(mm) TARIFF REVENUE (RT): operating revenue from the provision of SERVICES paid by USERS. It equals the REQUIRED REVENUE minus ADDITIONAL REVENUES, SUPPLEMENTAL REVENUES, PROJECT-RELATED revenues, tax credits from FAUSP resources, and FACTOR K;

(nn) UNRECOVERABLE REVENUES: the portion of revenue billed by SABESP that, after all commercial and legal collection efforts, was not received and considered permanent default. Only the regulatory portion of uncollectible revenue, referring to structural delinquency, is considered.

(oo) RENOVATIONS AND CANCELLATIONS: post-billing corrections to USER invoices due to billing or metering errors, discounts granted for debt renegotiation, cancellation of charges, unexplained or leak-related high consumption, registration changes, average-based consumption billing, among others;

(pp) EXTRAORDINARY REVISION: a revision of the CONTRACT and/or its economic-financial balance, conducted by ARSESP, at the request of SABESP, ARSESP, or URAE-1, to adjust it in light of changes or conditions that affect contractual compliance, especially resulting from the realization of risks outlined in Clause 37 of the CONTRACT, including changes to the REGIONAL SANITATION PLAN after 2035, when annual recognition of investments ends. The extraordinary revision process is exceptional and only applicable when an event clearly compromises SABESP's solvency or liquidity or SERVICE continuity, and it must be proven that the consequences arising thereto cannot be addressed in a PERIODIC TARIFF REVISION.

(qq) PERIODIC TARIFF REVISION: a revision conducted as specified in this ANNEX, aiming to (i) define the TARIFF values based on the REQUIRED REVENUE for the next TARIFF CYCLE; (ii) consider economic-financial impacts on TARIFFS due to changes in the SERVICEABLE AREA; (iii) adapt tariff terms and conditions to the SERVICE contractual and operational context, including but not limited to updates to COVERAGE AND LOSS INDICATORS AND TARGETS; and (iv) align TARIFFS with the current REGIONAL SANITATION PLAN;

(rr) TARIFFS: a general reference to both APPLICATION TARIFFS and EQUILIBRIUM TARIFFS;

(ss) APPLICATION TARIFFS: the fee paid by USERS to SABESP for receiving SERVICES;

(tt) EQUILIBRIUM TARIFFS: the fee necessary to ensure the REQUIRED REVENUE based on the REFERENCE MARKET, owed to SABESP for the provision of SERVICES, defined in the PERIODIC TARIFF REVISION, EXTRAORDINARY REVISION, or ADJUSTMENTS;

(uu) REGULATION AND OVERSIGHT FEE: a fee paid by SABESP to ARSESP for regulation, control, and oversight, calculated under State Complementary Law 1,025/2007 and the CONVENTION terms;

(vv) REGULATORY REMUNERATION RATE: the rate applied to the RABnet and part of the WCR, aiming to cover the opportunity cost of investing in a specific project or business instead of alternative investments, as defined in item 7 of this ANNEX;

(ww) VOLUME OF WATER PRODUCED: the sum of measured water volumes, WATER LOSSES, and SPECIAL USE VOLUMES. It is a cost driver used in OPEX calculation;

(xx) SPECIAL USE VOLUME: refers to water used for (i) social purposes in informal areas or by the Fire Department; (ii) emergency use; (iii) operational uses like pipeline and reservoir cleaning by SABESP; and (iv) internal use in administrative facilities. It is included in the calculation of the VOLUME OF WATER PRODUCED.

3. Chapter 3 - Tariff Remuneration Rules

3.1. A fundamental condition of the CONTRACT is the adequate remuneration of prudent investments not yet depreciated or amortized, the recovery of efficient service provision costs, appropriate amortization of capital, and other expenses inherent to service provision, which shall be ensured through the definition of the EQUILIBRIUM TARIFFS, as provided in this ANNEX.

3.2. The CONTRACT shall follow the TARIFF CYCLES below, considering the period during which the TARIFF is applied:

(a) 1st TARIFF CYCLE: EFFECTIVE DATE – December 31, 2029;

(b) 2nd TARIFF CYCLE: January 01, 2030 – December 31, 2034;

(c) 3rd TARIFF CYCLE: January 01, 2035 – December 31, 2039;

(d) 4th TARIFF CYCLE: January 01, 2040 – December 31, 2044;

(e) 5th TARIFF CYCLE: January 01, 2045 – December 31, 2049;

(f) 6th TARIFF CYCLE: January 01, 2050 – December 31, 2054;

(g) 7th TARIFF CYCLE: January 01, 2055 – October 19, 2060.

3.3. The methodology for calculating the EQUILIBRIUM TARIFF shall adopt a backward-looking approach, taking into account actual costs, investments, and the REFERENCE MARKET ex-post to their occurrence, as observed in the REFERENCE PERIOD.

3.4. The calculation of RR shall follow a cost block composition, where each component is assessed separately and then consolidated.

3.5. The calculation of the TARIFF REVENUE and RR shall be as follows, without prejudice to other items to be covered by TARIFFS at ARSESP's discretion:

A maioria vivendo não pode ser exibida. Talvez o arquivo esteja sido movido, renomeado ou excluído. Verifique se a URL/UNC aponta para o arquivo e o local correto.

A maioria vivendo não pode ser exibida. Talvez o arquivo esteja sido movido, renomeado ou excluído. Verifique se a URL/UNC aponta para o arquivo e o local correto.

3.5.1. The relationship between the TARIFF REVENUE defined in item 3.5 (calculated based on data from the REFERENCE PERIOD) and the volume of the REFERENCE MARKET (in cubic meters), also measured in the REFERENCE PERIOD, will result in the EQUILIBRIUM TARIFF.



3.5.2. The calculation of the EQUILIBRIUM TARIFF in the ADJUSTMENTS will also consider the monetary update and the impacts of X FACTOR, U FACTOR, and Q FACTOR.

3.5.3. The EQUILIBRIUM TARIFF may be adjusted, either upwards or downwards, by the impact of the FINANCIAL COMPONENTS approved

by ARSESP on the dates of the ADJUSTMENT or PERIODIC TARIFF REVISION.

3.6. The calculation parameters for the components of the RR shall be defined by ARSESP as part of the PERIODIC TARIFF REVIEW, under the criteria and methodologies established in this ANNEX of the CONTRACT, except during the 1st CYCLE, for which such parameters are defined in Annex VIII – INITIAL TARIFF FORMATION.

3.7. The EQUILIBRIUM TARIFF required to cover the RR of the REFERENCE PERIOD shall be annually calculated during the first two TARIFF CYCLES following the start of the CONTRACT (2024–2029 and 2030–2034) within the scope of the ADJUSTMENT, as described in Chapter 5 of this ANNEX, and every five years from the 3rd TARIFF CYCLE (2035–2039) onward, during the PERIODIC TARIFF REVISION.

3.8. In all TARIFF CYCLES, PERIODIC TARIFF REVISIONS
shall consider the month of December as the reference date for approval purposes of the PERIODIC TARIFF REVISION, and January 01 of the following year as the effective date for applying the revised TARIFFS.

3.9. For the calculation of the EQUILIBRIUM TARIFF during tariff processes, SABESP shall submit to ARSESP, by May 31 of the approval year, the ASSET VALUATION REPORT prepared by the VALUATION COMPANY, according to item 6.2 of this ANNEX, the reports issued by the INDEPENDENT VERIFIER, under Annex
VI – GUIDELINES FOR THE PERFORMANCE OF THE VALUATION COMPANY AND INDEPENDENT
VERIFIER, as well as the accounting data relating to the REFERENCE PERIOD.

3.10. Once the data and documents outlined in item 3.9 are received, ARSESP must conclude, by November 30 of the approval year of the tariff process, the analysis of the data for the purpose of calculating the EQUILIBRIUM TARIFF and the ADJUSTMENT, to be applied in January, according to items 4.4.3 and 5.1.1 of this Annex.

3.10.1. If the analysis is not fully concluded within the deadline mentioned in item 3.10, ARSESP shall provisionally and tentatively apply, for the purpose of calculating the EQUILIBRIUM TARIFF, the results presented by the VALUATION COMPANY and the INDEPENDENT VERIFIER, provided they do not contradict analyses already carried out by the agency. The calculations must be disclosed to SABESP and the GRANTING AUTHORITY within five business days after the deadline established in item 3.10.

3.10.2. Regardless of the application of item 3.10.1, ARSESP shall finalize the analysis of the submitted data as soon as possible. Any differences between the agency's final findings and the results used on a provisional basis—presented by the VALUATION COMPANY and

INDEPENDENT VERIFIER—shall be compensated in the calculation of the EQUILIBRIUM TARIFF in the subsequent ADJUSTMENT, during the first two TARIFF CYCLES, or in the subsequent PERIODIC TARIFF REVISION, starting from the 3rd TARIFF CYCLE.

3.10.3. As of the 3rd TARIFF CYCLE, such compensations as referred to in item

3.10.2 may be carried out within the TARIFF CYCLE, provided that SABESP explicitly consents it.

3.11. All components of the REQUIRED REVENUE used to calculate the EQUILIBRIUM TARIFF shall be calculated in currency values at the reference date of the annual ADJUSTMENT, PERIODIC TARIFF REVISION, or EXTRAORDINARY REVISION, using the most recent inflation index available.

3.12. The APPLICATION TARIFFS must comply with the rules defined in Annex IV – TARIFF ANNEX.

3.12.1. When the average APPLICATION TARIFF requires the use of tariff affordability to be lower than the corresponding average EQUILIBRIUM TARIFF, the following formula must be applied:

A maioria vivendo não pode ser exibida. Talvez o arquivo esteja sido movido, renomeado ou excluído. Verifique se a URL/UNC aponta para o arquivo e o local correto.

A maioria vivendo não pode ser exibida. Talvez o arquivo esteja sido movido, renomeado ou excluído. Verifique se a URL/UNC aponta para o arquivo e o local correto.

3.13. At each ADJUSTMENT or at the end of each TARIFF CYCLE, during the ADJUSTMENTS, PERIODIC TARIFF REVISIONS, or EXTRAORDINARY REVISIONS,
ARSESP may include COMPENSATORY ADJUSTMENTS related to the previous tariff period.

3.13.1. The COMPENSATORY ADJUSTMENTS will be subject to oversight and verification by ARSESP, so that the inclusion of the amounts in the tariff calculation will be based on values validated by the Agency;

3.13.2. Deviations in non-manageable costs and in SUPPLEMENTAL REVENUES, ADDITIONAL REVENUES, ASSOCIATED PROJECTS, tax credits
, and K FACTOR in the tariff established at the beginning of each TARIFF CYCLE, compared to verified amounts, will be calculated and offset during the subsequent tariff process, under the provisions of this ANNEX;

3.13.3. The following may be subject to COMPENSATORY ADJUSTMENTS:

(a) Excess or shortfall in the transfers to MUNICIPAL FUNDS;

(b) Consideration under PPP contracts and lease of assets existing before the EFFECTIVE DATE;

(c) Actual values of SUPPLEMENTAL REVENUES, tax credits, and K FACTOR;

(d) Actual amounts paid for the use of water resources;

(e) Actual amounts paid for contracting the VALUATION COMPANY and the INDEPENDENT VERIFIER, provided they are recognized by ARSESP;

(f) Expenses related to data collection in rural areas and updates to information on informal urban settlements, provided they are previously approved by ARSESP.

3.13.4. ARSESP may proceed with other COMPENSATORY ADJUSTMENTS, exclusively related to non-manageable items not specified in this ANNEX or in Annex VIII – INITIAL TARIFF FORMATION, provided they are formally recognized by the Agency, with justification presented for the act and previously discussed with SABESP.

4. Chapter 4 – Revision Rules

4.1. The realignment of TARIFFS with the cost of SERVICE provision will occur through (i) PERIODIC TARIFF REVISION; and/or (ii) EXTRAORDINARY REVISION.

4.2. The PERIODIC TARIFF REVISION and/or EXTRAORDINARY TARIFF REVISION will follow the formulas defined in item 3.5, as well as the risk matrix provided in the CONTRACT.

4.3. Monetary updates will be made through ADJUSTMENTS.

4.4. Periodic Tariff Revisions

4.4.1. PERIODIC TARIFF REVISIONS will simultaneously aim to:

(a) ensure the establishment of TARIFFS for the subsequent TARIFF CYCLE, according to the assumptions, calculation methodology, and other rules outlined in this ANNEX; and

(b) contribute to tariff affordability, according to the CONTRACT and this ANNEX, including through the distribution of technological efficiency gains via X FACTOR, operational efficiency gains, and the results obtained from ADDITIONAL REVENUES, SUPPLEMENTAL REVENUES, OTHER PRICES, and ASSOCIATED PROJECTS.

4.4.2. In the PERIODIC TARIFF REVISION, ARSESP will determine the BALANCE TARIFF for the following TARIFF CYCLE, defining the REQUIRED REVENUE based on the amounts needed to remunerate the efficiently incurred SERVICE provision costs and prudent INVESTMENTS, under this ANNEX.

4.4.3. In all PERIODIC TARIFF REVISIONS, the reference date for approval purposes shall be December, and for the application of the updated TARIFFS, January of the immediately following year, depending on the availability and publication of official inflation indices.

4.4.4. The TARIFFS approved in the year of the PERIODIC TARIFF REVISIONS will be subject to the Q FACTOR and any deductions resulting from the non-fulfillment of coverage targets (U FACTOR).

4.5. Extraordinary Revision

4.5.1. An EXTRAORDINARY REVISION is exceptional and will only be applicable when it is proven that there is a clear threat to the solvency and liquidity of SABESP, compromising the continuity of SERVICE provision. It must also be demonstrated that the consequences of the event cannot be addressed through a PERIODIC TARIFF REVISION.

4.5.2. Based on the risk allocation established in the CONTRACT, ARSESP will consider the impacts on the solvency and liquidity of

SABESP, as well as the continuity of SERVICE provision, to assess the relevance and feasibility of conducting an EXTRAORDINARY REVISION.

4.5.3. ARSESP may assess the need for an EXTRAORDINARY REVISION when:

(a) there is an imminent risk of non-compliance with obligations, early maturity, or acceleration of maturity of financing agreements with lenders; or

(b) changes are made to Annex II – TECHNICAL ANNEX OF EACH MUNICIPALITY, only after the start of the 3rd TARIFF CYCLE, that demonstrably compromise the solvency and liquidity of SABESP or the continuity of SERVICE provision.

4.5.4. ARSESP and/or the GRANTING AUTHORITY may implement precautionary measures to mitigate the effects of contractual imbalances, according to the REGULATION.

4.5.5. Requests for EXTRAORDINARY REVISION will not be processed if submitted less than 12 months before the PERIODIC TARIFF REVISION process and must instead be addressed in the subsequent PERIODIC TARIFF REVISION.

4.5.6. The EXTRAORDINARY REVISION procedure, when applicable, may be initiated at the request of SABESP or URAE-1, or ex officio by ARSESP.

(a) The requesting PARTY must (i) identify, qualify, and substantiate the event according to item 4.5.3., and (ii) notify the other PARTY and ARSESP within no more than 180 (one hundred and eighty) days from the materialization of the event, to ensure contractual contemporaneity and enable proper management of the event's consequences.

(b) Within the period specified in subitem (a), the PARTY must notify the other PARTY and ARSESP of the event underlying the EXTRAORDINARY REVISION request, substantiating it with the characteristics described in item 4.5.3. above.

4.5.7. ARSESP will have up to 60 (sixty) days to assess the admissibility of the EXTRAORDINARY REVISION with the characteristics described in item 4.5.3. above.

(a) When the urgency justification for addressing the event that gave rise to the request for an EXTRAORDINARY REVISION is not substantiated or accepted by ARSESP, the matter shall be addressed in the subsequent PERIODIC TARIFF REVISION.

(b) The period mentioned in item 4.5.7. may be extended with justification, and its countdown may be paused if adjustments or additional documentation are requested.

4.5.8. A request for EXTRAORDINARY REVISION initiated ex officio by ARSESP or at the instigation of the GRANTING AUTHORITY shall be formally notified to SABESP, accompanied by relevant reports and studies.

(a) Once notified, SABESP will have up to 60 (sixty) days to submit a reasoned response.

(b) Upon receiving SABESP's response, ARSESP will have 30 (thirty) days to issue its opinion on the EXTRAORDINARY REVISION request. During the analysis of the EXTRAORDINARY REVISION request by ARSESP, all contractual obligations of SABESP remain in full force.

4.5.9. The EXTRAORDINARY REVISION process must be completed within 180 (one hundred and eighty) days from its initiation, extendable once for up to 60 (sixty) days at the request of any PARTY or ARSESP, with a justified request submitted at least 15 (fifteen) business days before the original deadline and reviewed by ARSESP within 10 (ten) business days of receipt.

4.5.10. Additional aspects and parameters for the EXTRAORDINARY REVISION process will be defined by ARSESP regulation.

5. Chapter 5 – ADJUSTMENT Rules

5.1. In all TARIFF CYCLES, the ADJUSTMENTS shall consider a 12-month period, except for the first ADJUSTMENT, which shall consider the period between the EFFECTIVE DATE of this CONTRACT and the base date established in this ANNEX.

5.1.1. In all ADJUSTMENTS, the base date for the purposes of approval shall be the month of December, and the base date for applying the updated TARIFFS shall be January 01 of the immediately following year, subject to the availability and publication of official inflation indices.

5.2. In the 1st and 2nd TARIFF CYCLES, the ADJUSTMENT of the BALANCE TARIFF shall account for inflation variation, application of the Q FACTOR, X FACTOR (subject to item 5.2.4), and any deductions due to non-compliance with coverage targets (U FACTOR), in addition to the RAB UPDATE and the update of the REFERENCE MARKET verified during the REFERENCE PERIOD, under item 4.4.2.

5.2.1. The Tariff Adjustment Index (TAI) shall be calculated using the formula below:

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5.2.2. Whenever the sum of the Q FACTOR and the U FACTOR, as shown in the formula in item 5.2.1 above, is greater than zero, this result shall be disregarded in the calculation of the TAI, with zero being adopted, so that the TAI reflects only the impact of the inflation index.

5.2.3. The portion of the ADJUSTMENT related to the monetary update of the TARIFFS and OTHER PRICES shall consider the variation in the Extended National Consumer Price Index (IPCA) or any other index that may replace it.

5.2.4. In the first two tariff cycles, the technological efficiency gains associated with the X FACTOR shall be applied directly to the operational unit costs on a cumulative basis. Therefore, this factor shall not be included in the TAI formula defined in item 5.2.1, to avoid double-counting.

5.2.5. Since the ADJUSTMENTS in the first two TARIFF CYCLES will also incorporate the RAB UPDATE and the REFERENCE MARKET, the unit costs and other calculation parameters for the RR components listed below shall remain fixed throughout each of these TARIFF CYCLES, and equal to the values defined in Annex VIII – INITIAL TARIFF FORMATION, or as defined in the most recent PERIODIC TARIFF REVISION, as applicable. Thus, the base tariff revenue (TR_1) to be calculated in the annual ADJUSTMENTS of the 1st and 2nd TARIFF CYCLES shall be determined based on:

(a) the RR consisting of operating expenses, capital return and depreciation, unrecoverable revenues, and discounts granted to large users, according to item 12.1;

(b) the annual RAB UPDATE, including the INVESTMENTS made and assessed in the REFERENCE PERIOD, subtracting write-offs, annual depreciation, reclassification of eligibility, and revised UTILIZATION RATES of the previous year's SHIELDED RAB, with values to be depreciated and updated annually by the IPCA;

(c) the fixed REGULATORY REMUNERATION RATE defined in Annex VIII – INITIAL TARIFF FORMATION for the 1st TARIFF CYCLE, or in the 1st PERIODIC TARIFF REVISION at the beginning of the 2nd TARIFF CYCLE;

(d) the initial unit costs for OPEX calculation equal to those defined in Annex VIII – INITIAL TARIFF FORMATION for the

1st TARIFF CYCLE, or in the 1st PERIODIC TARIFF REVISION at the beginning of the 2nd TARIFF CYCLE, from which cumulative technological gains under the X FACTOR will be deducted. The starting unit costs shall be updated annually by the IPCA;

(e) the annual recalculation of total OPEX value solely to incorporate REFERENCE MARKET data, such as the number of active connections and volumes, which are multiplied by the unit costs from item (d), adjusted for technological gains under the X FACTOR;

(f) the percentage of TARIFF REVENUE allocated to the Development and Innovation Program (DIP), fixed and equal to that defined in Annex VIII – INITIAL TARIFF FORMATION for the 1st TARIFF CYCLE, or in the 1st PERIODIC TARIFF REVISION at the beginning of the 2nd TARIFF CYCLE;

(g) the criterion for transfers to the MUNICIPAL FUNDS, according to the percentages defined in the respective act governing the calculation basis for the transfer and in Annex II;

(h) the full allocation of expenses incurred in the REFERENCE PERIOD for water resource usage fees, PPP payments, asset lease contracts, insurance, and guarantees;

(i) the allocation of expenses, if any and subject to the conditions outlined in this ANNEX, for hiring the VALUATION COMPANY and the INDEPENDENT VERIFIER, as well as expenses associated with rural area data collection and updates to information on informal urban settlements, as long as they are pre-approved by ARSESP;

(j) the regulatory default rate for calculating UNRECOVERABLE REVENUES, fixed and equal to that defined in Annex VIII – INITIAL TARIFF FORMATION for the 1st TARIFF CYCLE, or as revised in the PERIODIC TARIFF REVISION at the beginning of the 2nd TARIFF CYCLE;

(k) the sharing of revenues under the K FACTOR observed in the REFERENCE PERIOD, updated monetarily by the IPCA based on each ADJUSTMENT's base date;

(l) the full allocation of tax credits observed by SABESP, if any, during the REFERENCE PERIOD;

(m) the full allocation of SUPPLEMENTAL REVENUES from OTHER PRICES observed in the REFERENCE PERIOD, updated by the IPCA;

(n) the sharing of the ADDITIONAL REVENUES in an amount equal to that defined in Annex VIII – INITIAL TARIFF FORMATION, adjusted for inflation by the IPCA from the base date of each annual ADJUSTMENT during the 1st TARIFF CYCLE, and the sharing criterion for each type of ADDITIONAL REVENUE shall be fixed and equal to that defined in this ANNEX to the CONTRACT for the 2nd TARIFF CYCLE.

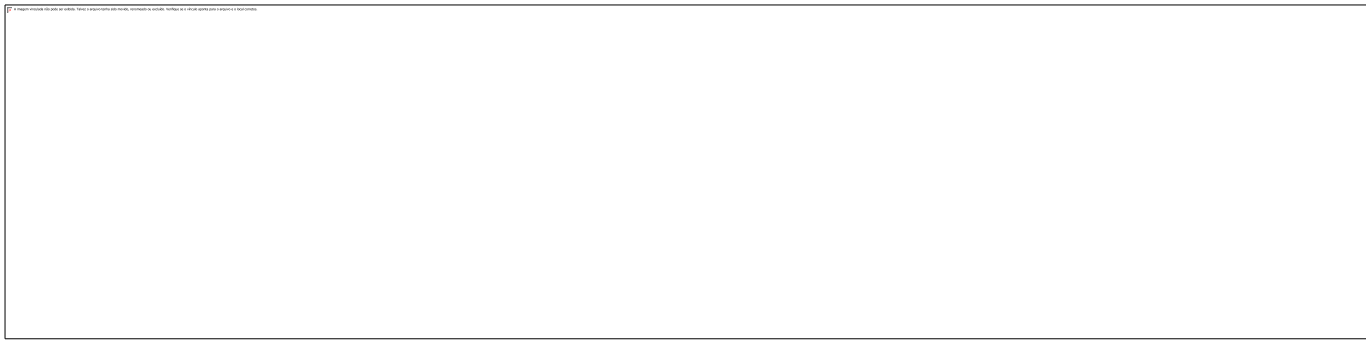
(o) sharing of revenues with ASSOCIATED PROJECTS obtained in the REFERENCE PERIOD, monetarily adjusted by the IPCA;

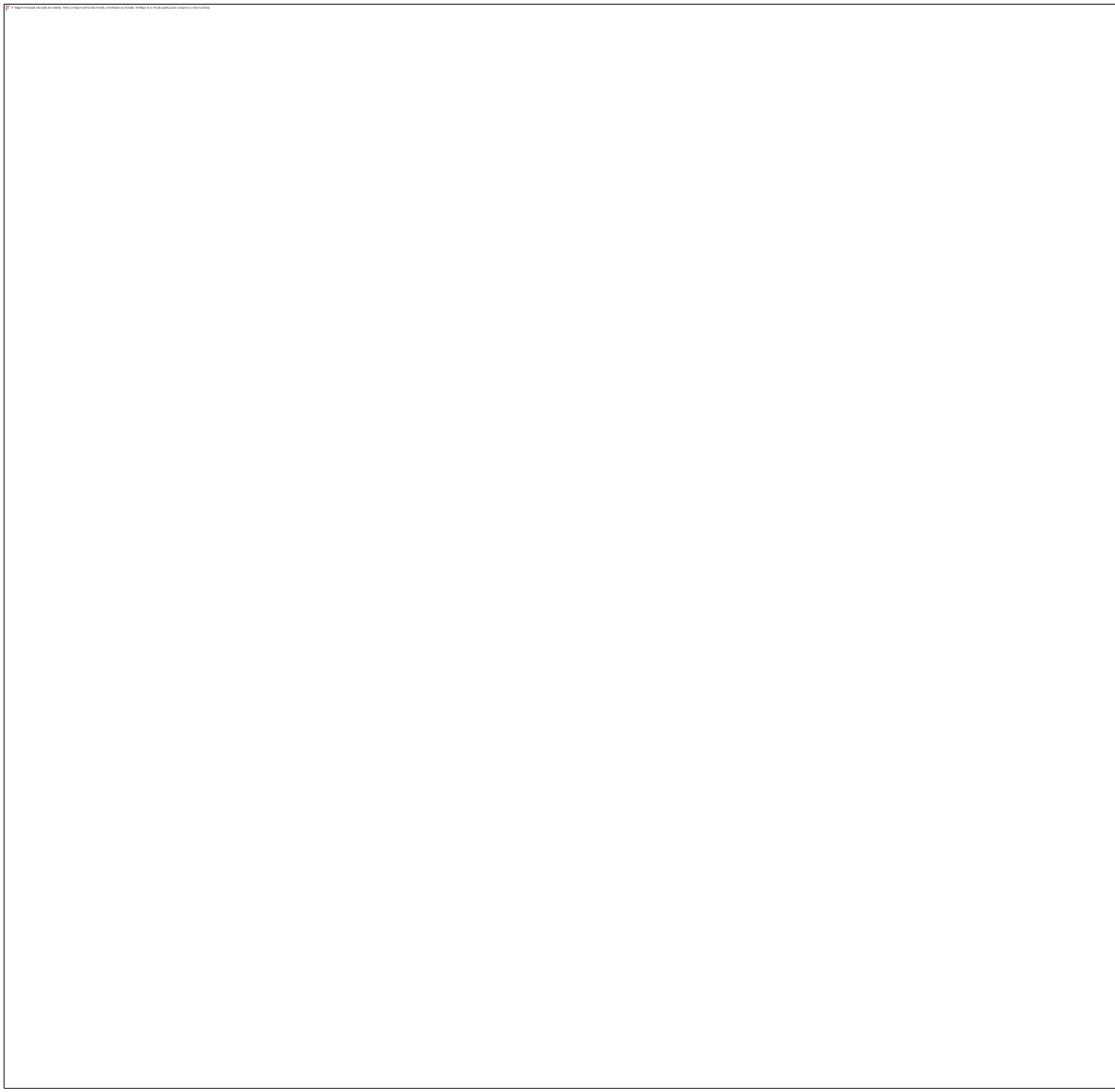
(p) the criterion for tariff recognition of discounts on FIRM DEMAND up to the ceiling limit defined in this ANNEX for the 1st TARIFF CYCLE or by ARSESP at the time of the PERIODIC TARIFF REVISION at the beginning of the 2nd TARIFF CYCLE.

5.3. From the 3rd TARIFF CYCLE onwards, the ADJUSTMENT of the EQUILIBRIUM TARIFF

will consider only the inflation variation, the application of a technological efficiency sharing factor (X FACTOR), the Q FACTOR and any deductions resulting from the non-fulfillment of coverage goals (U FACTOR).

5.3.1. The Tariff Adjustment Index (TAI) shall be calculated using the formula below:





5.3.2. The X FACTOR will not be applied directly to the operational unit costs. Therefore, this factor will be included in the TAI formula defined in item 5.3.1, considering the weight of operational costs in the composition of the TARIFF REVENUE.

5.3.3. Whenever the sum of the X FACTOR, the Q FACTOR, and the U FACTOR, as shown in the formula in item 5.3.1 above, is greater than zero, this result shall be disregarded in the calculation of the TAI, with zero being adopted, so that the TAI reflects only the impact of the inflation index.

5.4. As in the first two tariff cycles, the portion of the ADJUSTMENT related to the monetary update of the TARIFFS and OTHER PRICES shall consider the

variation in the Extended National Consumer Price Index (IPCA) or any other index that may replace it.

6. Chapter 6 - RAB Update

6.1. ARSESP, supported by the ASSET VALUATION REPORT of the VALUATION COMPANY,

will act in monitoring the evolution of INVESTMENTS, as well as their amortization and depreciation, for the purposes of RAB UPDATE and any calculation of compensation for REVERSIBLE ASSETS.

6.1.1. During the first two TARIFF CYCLES, the RAB UPDATE will occur annually, at the time of the ADJUSTMENT or PERIODIC TARIFF REVISION;

6.1.2. From the 3rd TARIFF CYCLE onwards, once the cycles of larger investments are completed, the RAB UPDATE will occur every 5 years, at the time of the PERIODIC TARIFF REVISIONS.

6.2. The ASSET VALUATION REPORT produced in the annual INVESTMENT CERTIFICATION process:

6.2.1. Will be produced by the VALUATION COMPANY, whose contracting costs by SABESP will be passed on to the TARIFFS;

6.2.2. Will have as its cut-off date December 31 of the REFERENCE PERIOD to which the ASSET VALUATION REPORT refers;

6.2.3. Must be delivered by SABESP to ARSESP by May 31 of the year in which the ADJUSTMENT or PERIODIC TARIFF REVISION is processed, for evaluation and supervision by ARSESP's technical team. In case of non-compliance with the deadline, only 75% of the contracting costs of the VALUATION COMPANY incurred by SABESP in the REFERENCE PERIOD will be passed on to the TARIFFS;

6.2.4. In the event that the ASSET VALUATION REPORT is delivered after August 31, the investments of the REFERENCE PERIOD will not be incorporated in the respective tariff calculation;

6.2.5. Based on the data obtained from the submission of the ASSET VALUATION REPORTS, according to items 6.2.2 and 6.2.3, it must be evaluated by ARSESP by September 30 of the year in which the ADJUSTMENT or PERIODIC TARIFF REVISION is processed, for incorporation of the RAB UPDATE in the TARIFFS of the corresponding ADJUSTMENT or PERIODIC TARIFF REVISION. If during its supervision ARSESP identifies non-compliance, it must issue a notification term for correction by SABESP of the problems identified;

6.2.6. If ARSESP fails to meet the deadline provided in the subitem above, the TARIFFS of the corresponding ADJUSTMENT or PERIODIC TARIFF REVISION must consider the RAB value informed in the REPORT. In this case, in the subsequent tariff process, the necessary

compensatory adjustments must be made once the ASSET REPORT is approved;

6.2.7. The supervision procedures of the ASSET VALUATION REPORT will be defined by ARSESP under Submodule 4.4 – Asset Base Supervision Procedures of the Tariff Calculation Procedures (PROCALT).

6.3. Based on the ASSET VALUATION REPORT, ARSESP will decide on the approval of INVESTMENTS and the RAB UPDATE in the TARIFFS.

6.4. In case of disagreements between SABESP, the VALUATION COMPANY, and ARSESP regarding the conclusions of the ASSET VALUATION REPORT and the calculation memory of the INVESTMENT values made in the REFERENCE PERIOD, the undisputed values will be approved by ARSESP and incorporated into the RAB in the ADJUSTMENT or PERIODIC TARIFF REVISION process.

6.5. Regarding the disputed values that were not approved, SABESP may request ARSESP's re-evaluation, including with the submission of complementary information, so that they may be incorporated into the RAB in the ANNUAL ADJUSTMENTS of the first two TARIFF CYCLES or in an EXTRAORDINARY REVISION after 2035. The initially disputed values, if adjusted and duly approved by ARSESP, will be incorporated into the TARIFFS also considering the revenue shortfall in the period elapsed without the INVESTMENTS having been remunerated and recovered in the TARIFFS.

6.6. ARSESP's decision not to approve INVESTMENT values included in the ASSET VALUATION REPORT must be technically justified and preceded by an administrative process that respects SABESP's right to ample defense and adversarial proceedings.

6.7. ARSESP's decisions on the RAB UPDATE at the time of the ADJUSTMENT or PERIODIC TARIFF REVISION are final at the administrative level, without prejudice to their questioning by any of the PARTIES in arbitration.

6.8. The Rolling Forward approach will be used for changes in the RAB over the years of the TARIFF CYCLE.

6.8.1. The change of the base will follow the result of the ASSET VALUATION REPORT, provided it is approved and homologated by ARSESP;

6.8.2. The Rolling Forward method, which must be observed in the ASSET VALUATION REPORT, consists of the monetary update of the SHIELDED RAB approved by ARSESP in the last tariff event, the deduction of accumulated depreciation in the period, write-offs, the adjustment of the UTILIZATION INDEX, eligibility reclassifications and the incorporation of the INCREMENTAL RAB;

6.8.3. Interest on works in progress will be considered in the RAB calculation, with criteria following those defined in ARSESP Resolution 1,488 of January 12, 2024, or another that may replace it.

6.9. The locking of the INITIAL RAB guarantees that the asset price will not be re-evaluated by ARSESP and no technological change will be incorporated, since the investments are analyzed from a prudence perspective at the time of their incorporation into the base.

6.10. The ASSET VALUATION REPORTS referring to the INVESTMENTS capitalized in 2024 and 2025, to be evaluated by ARSESP for calculation of the TARIFFS in the 2025 and 2026 ADJUSTMENTS, respectively, must comply with the rules outlined in ARSESP Resolution 1,488 of January 12, 2024.

6.11. The annual CERTIFICATION of the INVESTMENTS by the VALUATION COMPANY shall be mandatory, whose operating rules are detailed in Annex VI – GUIDELINES FOR THE VALUATION COMPANY AND THE INDEPENDENT VERIFIER. As of 2026, when the valuation methodology for new investments by the DRC begins to be adopted, the CERTIFICATION process shall:

(a) Verify whether SABESP's acquisition values are consistent with market prices for the valuation of capitalized investments in the REFERENCE PERIOD to discourage opportunistic behavior and overpricing;

(b) Not incorporate technological changes, that is, consider the asset under identical conditions with the same technology and engineering solution to mitigate the risk of discrepancy between the asset price at the time of disbursement and the market-valued price (DRC methodology); and

(c) be carried out by the VALUATION COMPANY.

7. Chapter 7 - Methodology for the calculation of the Regulatory Remuneration Rate

7.1. The REMUNERATION RATE, which is used in the calculation of the working capital requirement (WCR) and applies to the amount of the COMPENSATION, the ADVANCE, and the investments not yet depreciated or amortized (RABnet), seeks to cover the opportunity cost associated with the option of investing in a specific business or project instead of alternative investments.

7.2. The REGULATORY REMUNERATION RATE shall be calculated using the Weighted Average Cost of Capital methodology ("**WACC**"), the result of which consists of the average between the Cost of Equity and Cost of Debt, weighted by a reference Capital Structure, as described in the following formula;



7.3. The calculation of the real cost of equity will prioritize the adoption of the CAPM model (Capital Asset Pricing Model – CAPM) Country Spread Model until ARSESP deems it appropriate to replace it with a hybrid CAPM model, according to the formulas indicated below:

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Rm is the expected nominal market return rate, which corresponds to the stock market yield (Stock Exchange Index) referenced in the U.S. financial market; and

r_{Br} is the country risk premium.

7.3.1. The rates used in the calculation of the cost of equity are nominal. Therefore, their values must be adjusted by the inflation rate of the U.S.A. to determine the real cost of equity.

7.3.2. The risk-free rate represents the yield on so-called safe securities, which are those with a low probability of payment default and minimal insolvency risk. This rate shall preferably be referenced in the financial market of the U.S.A. As of the 2nd TARIFF CYCLE, if ARSESP adopts the hybrid CAPM model, the risk-free rate may be referenced in the Brazilian financial market based on National Treasury bonds;

7.3.3. The market risk premium, defined as the difference between the stock market yield (*Rm*) and the risk-free rate (*Rf*), shall be based on the U.S. financial market, both with the same timeframe and frequencies;.

7.3.4. The beta, which measures an asset's sensitivity or how much its return varies in relation to the overall market return, shall be based on companies listed on the New York Stock Exchange (NYSE) and/or NASDAQ in the water utilities sector. U.S. companies traded over-the-counter shall be excluded from the sample used to calculate the beta due to their low liquidity.

7.4. To calculate the real cost of debt, the real yield of a set of private debt securities from companies comparable to SABESP will preferably be used, thus being referenced in the Brazilian market. Its calculation may consider the yield on debentures from the sanitation, electricity, or other infrastructure sectors and must include the securities issue costs.

7.5. For the definition of the capital structure, the asset will be defined by the value of the Regulatory Asset Base (RABnet). In this case, the debt share will be determined by the ratio between the Net Interest-Bearing Liabilities[1] and the concession assets, quantified by the Net RAB of the REFERENCE PERIOD. The equity share will correspond to the difference between the result of the debt and the RABnet.

7.6. The final WACC will be the real pre-tax WACC. The Remuneration calculation will consider the applicable Income Tax and Social Contribution on Net Income (CSLL) rates at the time, under the following formula:

[1] Net interest-bearing liabilities = Loans and financing plus debentures under current liabilities and non-current liabilities, net of cash and cash equivalents.



7.7. Starting from the 2nd TARIFF CYCLE, the REGULATORY REMUNERATION RATE shall be calculated by ARSESP at each PERIODIC TARIFF REVISION, and must ensure an adequate return to cover the cost of debt and the opportunity cost of the equity invested by SABESP, safeguarding the economic-financial sustainability of the SERVICE provision and ensuring the realization of the required INVESTMENTS.

7.7.1. In determining the REGULATORY REMUNERATION RATE from the 2nd TARIFF CYCLE onward, ARSESP shall observe the methodologies outlined in this ANNEX for recalculating all WACC components.

7.7.2. At each PERIODIC TARIFF REVISION, the REGULATORY REMUNERATION RATE calculated by ARSESP must be consistent with the remuneration rate defined by other regulatory agencies in other regulated sectors, where applicable under the terms of the CONTRACT, with justification required for any deviations.

7.7.3. The WACC calculation shall be reviewed at every PERIODIC TARIFF REVISION and its value maintained in the annual ADJUSTMENTS of the EQUILIBRIUM TARIFF, as well as in any EXTRAORDINARY REVISIONS.

7.7.4. From the 2nd TARIFF CYCLE onward, ARSESP shall determine, through future resolution:

(i) The data series for (a) cost of debt; (b) risk-free rate, prioritizing data from the United States market; (c) beta; (d) market risk premium used in the calculation of the cost of equity, prioritizing data from the United States market; and (e) country risk premium.

(ii) The timeframe and frequency of the data series, taking into account the market conditions in which the provider operates, calculation consistency, and harmonization across datasets.

8. Chapter 8 - Methodology for the calculation of the Regulatory Remuneration

8.1. Capital remuneration, included in the RR calculation, shall be defined as the sum of NWC and the product of the WACC and the Regulatory Asset Base, which corresponds to the sum of RABnet and the COMPENSATION and ADVANCE values are not yet depreciated or amortized, as shown in the following formula:



8.2. The value of RABnet excludes the assets under PPP contracts and leased assets.

8.3. RABnet Calculation for remuneration

8.3.1. For the purposes of capital remuneration calculation, RABnet shall correspond to the simple average of the INITIAL and FINAL RABnet values during the 12-month REFERENCE PERIOD.

8.3.2. The RABnet values approved by ARSESP, based on the ASSET VALUATION REPORT with a cut-off date in December of the REFERENCE PERIOD year, will be adjusted for inflation by the IPCA index or any replacement index up to the current tariff process base date.

8.3.3. The COMPENSATION and ADVANCE amounts not yet depreciated shall be remunerated using the WACC.

8.3.4. The remuneration of the net amounts referred to in section **Error! Reference source not found**. shall follow the same criteria used to UPDATE the RAB. That is, the COMPENSATION and ADVANCE amounts not yet depreciated or amortized:

(i) shall be remunerated annually in the TARIFFS at each TARIFF ADJUSTMENT and in the 1st TARIFF REVISION during the first two TARIFF CYCLES;

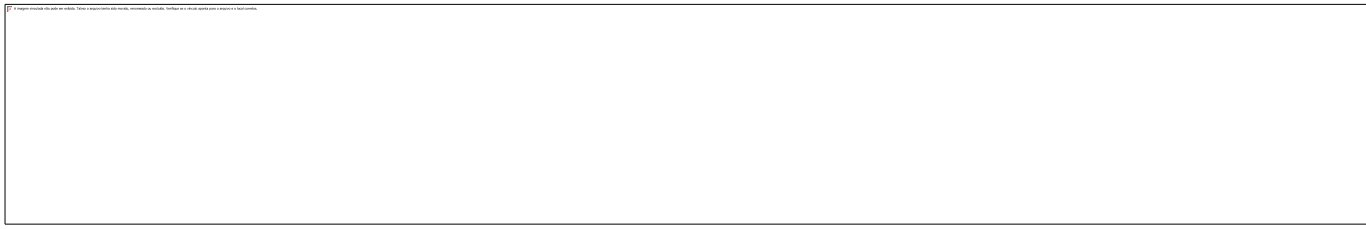
(ii) shall be remunerated under the EQUILIBRIUM TARIFF calculated every 5 years during the PERIODIC TARIFF REVISIONS from the 3rd TARIFF CYCLE onward.

8.4. WCR Calculation

8.4.1. The working capital requirement (WCR) may be included in the capital remuneration calculation starting from the 2nd TARIFF CYCLE.

8.4.2. The WCR shall be calculated based on SABESP's balance sheet data for the REFERENCE PERIOD and on the average collection and payment terms.

8.4.3. WCR shall be determined as a portion of the TARIFF REVENUE based on the total WCR percentage.



8.4.4. The %WCRtotal shall be composed of two components: (1) the cash required due to timing differences between payables and receivables, to be remunerated by the difference between the regulatory WACC and the average return on financial investments; and (2) the value of operational inventory, to be remunerated by the regulatory WACC, as shown below:

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8.4.5. The portion of cash required for working capital shall be determined as the ratio between (1) the average amount of receivables (trade payables) minus the average amount of operational payables; and (2) the direct operating revenue:

(i) Receivables shall reflect the direct operating revenue based on the average collection period to be defined by ARSESP from the 2nd TARIFF CYCLE onward, based on SABESP's collection cycle. For the ANNUAL ADJUSTMENTS during the 1st TARIFF CYCLE, the average collection period shall be 30 days, as stated in ANNEX VIII – INITIAL TARIFF FORMATION;

(ii) Operational liabilities shall reflect operating expenses, based on the average payment period to be defined by ARSESP from the 2nd TARIFF CYCLE onward, based on SABESP's payment cycle. For the ANNUAL ADJUSTMENTS during the 1st TARIFF CYCLE, the average payment period shall be 30 days, as stated in ANNEX VIII;

(iii) Operating expenses used to calculate operational liabilities shall exclude construction costs, depreciation and amortization, and expected losses on doubtful accounts.

8.4.6. The average yield rate shall be measured as the ratio between the returns from financial investments and the sum of cash resources (cash and cash equivalents) and financial investments recorded on the Balance Sheet for the REFERENCE PERIOD disclosed by SABESP. The IPCA inflation index for the period shall be deducted from this average yield rate.

8.4.7. The inventories line will comprise supplies for consumption and maintenance of the water and sewage systems. It shall not include inventories of construction materials.

8.4.8. Beginning with the 2nd TARIFF CYCLE, ARSESP shall decide whether to include the WCR in the calculation of capital remuneration based on:

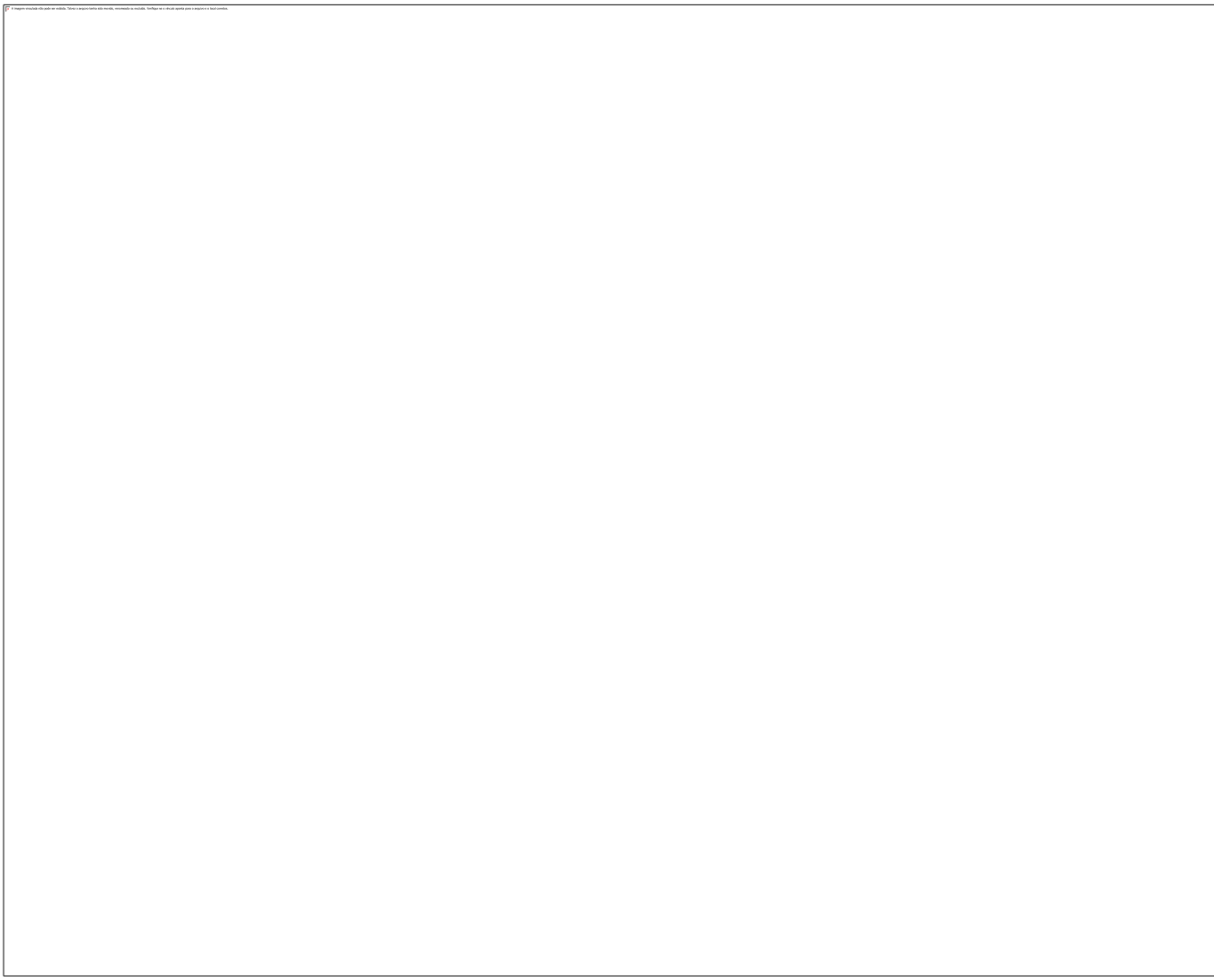
(i) the comparison of the methodology described in this ANNEX with regulatory best practices adopted in local and international regulated network industries, especially in basic sanitation and electric power;

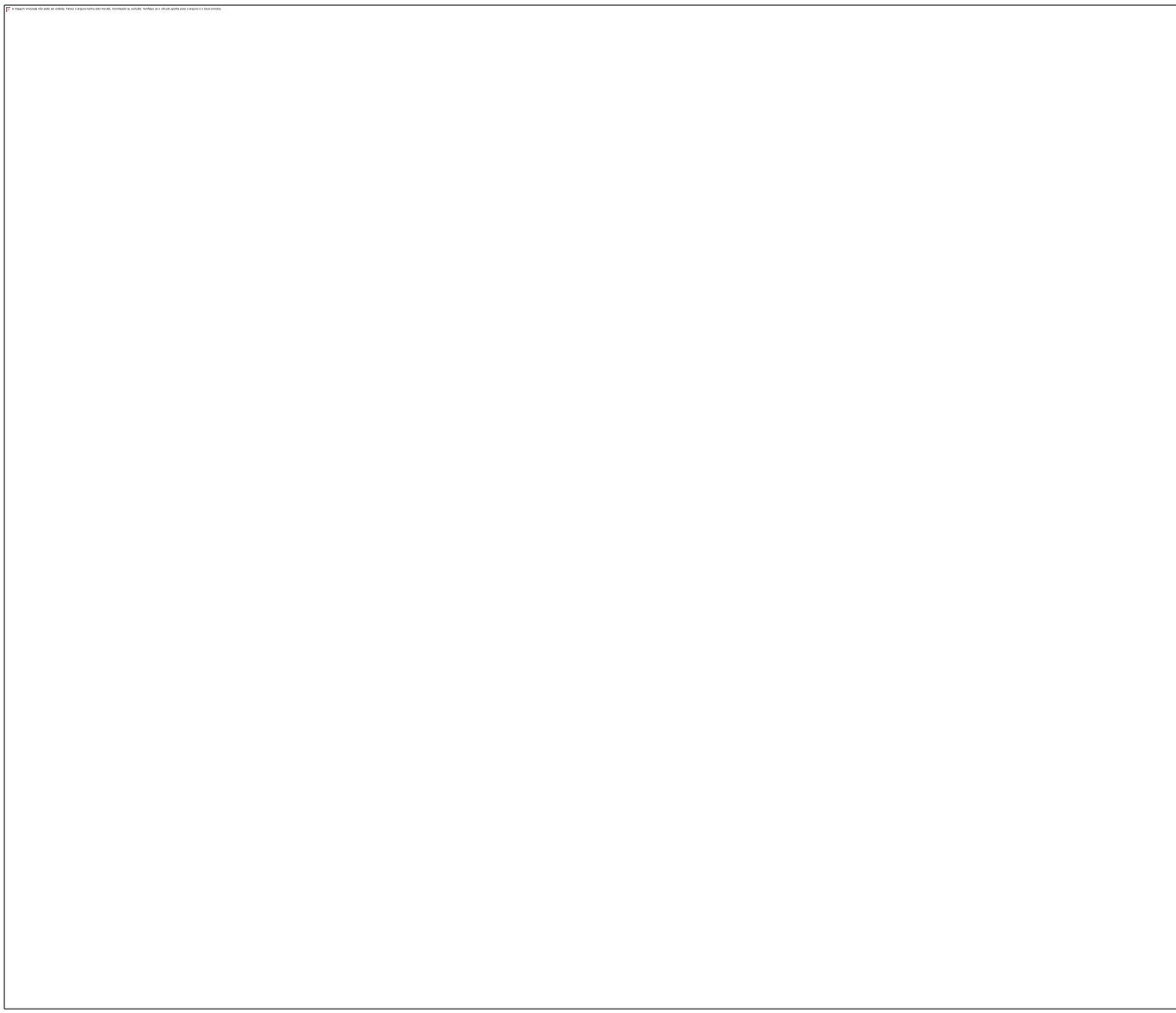
(ii) the analysis of the historical total cash availability and its absolute return, in light of SABESP's liquidity policy.

9. Chapter 9 - Methodology for the calculation of the Regulatory Reintegration Quota

9.1. The regulatory reintegration of capital corresponds to the annual amount transferred to the TARIFFS to recover the assets related to the provision of the SERVICES over their physical useful life.

9.2. The capital reintegration included in the RR calculation shall be measured as the product of RABgross and the RRQ_{RAB}, which corresponds to the inverse of a predefined physical useful life, plus the sum of the gross COMPENSATION and gross ADVANCE multiplied by the RRQ, which corresponds to the inverse of the term of the CONTRACT, according to the formula below:





9.3. The RABgross used in the capital reintegration calculation shall be the simple average between the INITIAL RABgross and the FINAL RABgross observed in the REFERENCE PERIOD.

9.4. The RABgross value excludes assets under PPP contracts and asset lease agreements

9.5. The RABgross values approved by ARSESP based on the ASSET VALUATION REPORT, whose cutoff date is December of the REFERENCE PERIOD year, shall be adjusted for inflation using the IPCA or any other index that may replace it up to the base date of the current tariff process.

9.6. For purposes of calculating the reintegration of LINKED ASSETS into the TARIFFS, linear depreciation over time shall be applied, and the physical useful life of the assets shall define the investment recovery period. The physical useful life shall comply with the timelines by Asset Type as defined in ARSESP Resolution 1,371 of December 29, 2022, or any future resolution that may replace it, under the CONTRACT's risk allocation.

9.6.1. The physical useful life may be updated by ARSESP if technical criteria demonstrate a change in the useful life of the assets or in the event of accelerated depreciation, such that full investment recovery in the tariff occurs before the end of the physical useful life.

9.6.2. As already provided for in the CONTRACT, any reversible assets not fully depreciated or amortized upon contract termination shall be indemnified.

9.6.3. If it does not compromise tariff affordability and USERS' ability to pay, investments stipulated in the CONTRACT shall be depreciated or amortized until contract expiration.

9.6.4. Accelerated depreciation of the RABgross is prohibited during the first two TARIFF CYCLES.

9.6.5. For the purposes of item 9.6.3, ARSESP must carry out a prior economic and financial feasibility study, to be submitted to public oversight, demonstrating that the accelerated amortization or depreciation process complies with the provisions of Federal Law 1,445/2007 and does not depend on contributions from FAUSP.

9.7. For the purpose of calculating the reintegration of the COMPENSATION and ADVANCE amounts, linear depreciation over time and a useful life equal to the term of the CONTRACT (35 years) shall be applied.

9.7.1. The gross values of the COMPENSATION and ADVANCE correspond to the amounts provided in Annex VIII – INITIAL TARIFF FORMATION. These values shall be adjusted for inflation up to the base date of the current tariff process using the IPCA or any other index that may replace it.

9.7.2. The gross values of the COMPENSATION for flooded areas and the ADVANCE of MUNICIPAL FUNDS shall be fully depreciated or amortized by the end of the contract term, in 2060.

10. Chapter 10 - Methodology for the calculation of OPEX and the X Factor

10.1. OPEX shall include personnel and outsourced service expenses, treatment and general supplies, electricity, and other general expenses related to the core sanitation service activity.

10.2. In determining the OPEX under this chapter, components related to municipalities not participating in URAE-1 shall be segregated, so that only the OPEX of the municipalities listed in Annex I is considered.

10.3. The allocation of operational costs in cases of shared infrastructure with municipalities not part of URAE-1 shall follow the rules outlined in an ARSESP resolution.

10.4. For RR calculation purposes, OPEX shall correspond to the product of cost drivers and unit cost, broken down by cost purpose and production stage, and discounted by the productivity gains from technological efficiency.

10.4.1. The cost purposes are: (i) personnel, including in-house and outsourced services; (ii) general supplies; (iii) treatment supplies; (iv) electricity; and (v) general expenses, including taxes.

10.4.2. Personnel and outsourced service expenses shall be treated jointly, with a single unit cost, to allow flexibility in substituting between in-house and outsourced labor;

10.4.3. The production stages are (i) water production; (ii) water distribution; (iii) sewage collection; (iv) sewage treatment; (v) commercial activities; and (vi) central administration.

10.5. Definition of OPEX Drivers

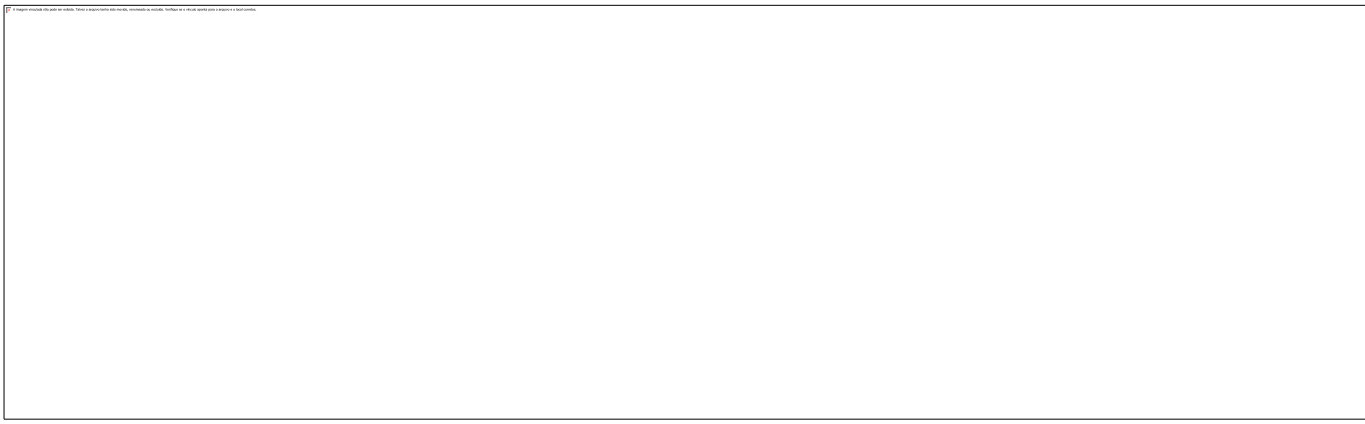
10.5.1. The cost driver data listed in the table below shall be applied to the regulatory unit costs to calculate the total OPEX to be considered in the RR.

STAGE/ PURPOSE	Water Production	Water Distribution	Sewage Collection	Sewage Treatment	Commercial Activities	Central Administration
Personnel & Third-Party Services	Volume of water produced	Water connections	Sewage connections	Volume of sewage treated	Water connections	Fixed (equal to 1)
General Supplies	Volume of water produced	Water connections	Sewage connections	Volume of sewage treated	Water connections	Fixed (equal to 1)
Treatment Supplies	Volume of water produced	Volume of water measured	Volume of sewage collected	Volume of sewage treated	Water connections	Fixed (equal to 1)

Electricity	Volume of water produced	Volume of water measured	Volume of sewage collected	Volume of sewage treated	Water connections	Fixed (equal to 1)
General Expenses	Volume of water produced	Water connections	Sewage connections	Volume of sewage treated	Water connections	Fixed (equal to 1)
Stage Classification	**WATER**	**WATER**	**SEWAGE**	**SEWAGE**	**GENERAL**	**GENERAL**

10.5.2. Only in the first two TARIFF CYCLES, the cost drivers shall be updated annually based on the data from the REFERENCE PERIODS, in the AJUSTMENTS, on the occasion of the BAR UPDATE. As of the 3rd TARIFF CYCLE, the drivers shall be updated only in the PERIODIC TARIFF REVISIONS.

10.5.3. The calculation of the VOLUME OF WATER PRODUCED must consider the regulatory volume of WATER LOSSES (given in m_3), according to the formula below. ARSESP may include other volumes necessary to determine the water supply, in addition to those indicated in the formula.



10.5.4. The calculation of the regulatory volume of WATER LOSSES (given in cubic meters) shall be based on the formula described below:





(i) In the 1st TARIFF CYCLE, the total losses index in distribution (IPDT), given in liters per water connection per day, to be used for calculating the volume of WATER LOSSES, shall be equal to the contractual targets indicated in ANNEXES II – TECHNICAL ANNEXES of each municipality;

(ii) As of the 2nd TARIFF CYCLE, the total losses index in distribution (IPDT), given in liters per connection per day, to be used for calculating the volume of WATER LOSSES, shall be defined by ARSESP through the NEP (Economic Level of Losses) methodology, including the tariff impact, on the occasion of the

PERIODIC TARIFF REVISIONS and the revisions of the REGIONAL SANITATION PLAN;

(iii) The calculation criteria for the NEP shall be defined by ARSESP in each TARIFF REVISION after a procedural process of public debate and consultation with society, the GRANTING AUTHORITY, and SABESP;

(iv) In the calculation of the IPDT targets through the NEP methodology, ARSESP shall observe the maximum limit established in Ordinance 490, of March 22, 2021, of the Ministry of Regional Development;

(v) In tariffs, the compliance or not with the WATER LOSS targets shall be SABESP's risk, since the calculation of the volume of water produced and, consequently, the OPEX, shall observe the regulatory WATER LOSS targets, and not the IPDT actually observed by the company.

10.6. Definition of Regulatory Unit Costs

10.6.1. The methodology and criteria for determining the unit costs of the 1st TARIFF CYCLE are described in Annex VIII – INITIAL TARIFF FORMATION.

10.6.2. As of the 2nd TARIFF CYCLE, the unit costs shall be defined based on the historical analysis of SABESP's own operational costs and shall remain fixed throughout each TARIFF CYCLE for purposes of calculating the EQUILIBRIUM TARIFF, being modified only for the eventual application of efficiency gains through technological advancement.

10.6.3. In each PERIODIC TARIFF REVISION, ARSESP shall calculate the TECHNICAL EFFICIENCY gain achieved by SABESP, which shall correspond to the positive or zero difference between the initial regulatory unit cost defined in Annex VIII – INITIAL TARIFF FORMATION, minus the gain from technological advancement accumulated over the preceding TARIFF CYCLES and the second lowest annual unit cost verified since 2025:

(i) The gains from technological advancement shall be established at the beginning of each TARIFF CYCLE based on the MALMQUIST INDEX methodology, as detailed in item 10.8, or another equivalent method that is widely recommended in the literature on the subject and used in regulation;

(ii) The reference regulatory unit cost to be compared with the second lowest unit cost verified in the last TARIFF CYCLES shall correspond to the initial unit cost minus the efficiency

gains from technological advancement accumulated up to the REFERENCE PERIOD. The equation below demonstrates the calculation of the reference unit cost:

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(iii) The definition of the second lowest verified annual unit cost shall observe the costs verified since 2025 after applying qualitative disallowances, the criteria of which are described in item 10.7;

(iv) For comparison purposes, the regulatory reference unit cost and the second lowest unit cost verified in the last TARIFF CYCLES must be in prices of the same reference date.

10.6.4. For each cost purpose, the regulatory unit costs on the occasion of the PERIODIC TARIFF REVISIONS shall be equal to the initial regulatory unit cost minus the efficiency gains from technological advancement accumulated up to the REFERENCE PERIOD, monetarily updated, and minus the percentage of TECHNICAL EFFICIENCY gain sharing of the current TARIFF CYCLE, observing the rule defined in item 10.6.3 sub-item (ii).

(i) In the 1st TARIFF CYCLE, there shall be no sharing with the USERS of the TECHNICAL EFFICIENCY gains measured by SABESP, i.e., the sharing percentage shall be zero, and the unit costs shall remain fixed at the values defined in Annex VIII – INITIAL TARIFF FORMATION, only deducting the technological productivity gains cumulatively;

(ii) In the 2nd TARIFF CYCLE, the sharing with the USERS shall be 50% of the TECHNICAL EFFICIENCY gains, calculated according to item 10.6.3;

(iii) In the 3rd TARIFF CYCLE, the sharing with the USERS shall be 75% of the TECHNICAL EFFICIENCY gains, calculated according to item 10.6.3;

(iv) As of the 4th TARIFF CYCLE, the sharing with the USERS shall be 90% of the TECHNICAL EFFICIENCY gains, calculated according to item 10.6.3;

(v) Exceptionally, in the event that Regulatory Accounting is not implemented by the date provided in Chapter 188, the sharing criterion for TECHNICAL EFFICIENCY gains shall be 75% as of the 2nd TARIFF CYCLE, maintaining this percentage until the beginning of the 4th TARIFF CYCLE;

(vi) For the purpose of calculating the verified operating costs, SABESP's accounting values shall be considered after qualitative cost disallowances, according to the guidelines defined in item 10.7 of this ANNEX.

10.6.5. In the 1st TARIFF CYCLE, the unit operating costs for serving USERS in rural areas shall be those defined in Annex VIII – INITIAL

TARIFF FORMATION, and, as of the 2nd TARIFF CYCLE, ARSESP shall define the specific methodology to determine such cost.

10.6.6. Exceptionally and only as of the 2nd TARIFF CYCLE, the sharing criteria for electricity operating costs may be altered based on a study conducted by ARSESP. This study shall seek, through analysis of SABESP's own information, to identify the specific efficient consumption levels (KWh/m^3) by type of service and municipality, which shall be valued at a market reference price in R$/KWh, thereby aiming to encourage operational efficiency and the optimization of the energy source (own generation or purchase on the free or regulated market).

(i) The change shall be preceded by a public consultation, in accordance with ARSESP regulations;

(ii) Once the study is implemented, the revenues from the sale of energy on the market shall be included as ADDITIONAL REVENUES.

10.7. Disallowance of operating costs

10.7.1. The operating expenses listed below shall not be considered in the calculation of the EQUILIBRIUM TARIFF and, therefore, shall be disallowed from the calculation of the regulatory unit reference cost:

(i) provision, contingencies, and actuarial liabilities accounts, as they do not represent expenses involving actual cash outflows;

(ii) expenses resulting from noncompliance with rules and laws, such as indemnities and judicial penalties, or environmental compensations resulting from actions under SABESP's control and management, to the extent that such expenses would not be imposed in the event of compliance with applicable law;

(iii) expenses related to the payment of bonuses to the executive board;

(iv) unnecessary or non-service-related expenses not linked to ADDITIONAL REVENUES, SUPPLEMENTAL REVENUES, or revenues from ASSOCIATED PROJECTS, such as sponsorships, fines, interest, and donations;

(v) expenses related to damages to third parties or the environment resulting from actions under SABESP's control and management; and

(vi) expenses related to Voluntary Dismissal Programs (VDP), as these are decisions made by SABESP which result in cost reductions in the medium and long term.

10.7.2. Expenses related to the provision of the SERVICES shall be covered by USER TARIFFS, under the terms of this ANNEX, especially the following:

(vii) personnel expenses, including profit sharing, except those mentioned in item 10.5.1 under the current variable compensation policy approved by SABESP;

(i) expenses related to the provision of SUPPLEMENTAL ACTIVITIES that are part of the activities whose revenues shall be reverted to tariff affordability.

10.7.3. The accounting items to be disallowed as well as the guidelines for qualitative disallowances shall be defined by ARSESP, under the criteria outlined in this ANNEX, through a specific Resolution, including in case it is necessary to include different concepts from those provided herein.

10.8. X Factor

10.8.1. Since the 1st TARIFF CYCLE, productivity gains resulting from technological advancement — that is, the incorporation of more advanced technologies by the sanitation sector as a whole — shall be considered in the regulatory operating costs.

10.8.2. 5.2.15.3.1The calculation of technological efficiency gains shall consider the application of the MALMQUIST INDEX over a sample of SERVICE providers comparable to SABESP.

10.8.3. As of the 2nd TARIFF CYCLE, the criteria for filtering the sample of providers comparable to SABESP, as well as the INPUTS and OUTPUTS to be considered in the calculation of the MALMQUIST INDEX, shall be defined by ARSESP at the time of the PERIODIC TARIFF REVISION.

10.8.4. The selection of INPUT and OUTPUT variables by ARSESP must be based, at least, on the criteria of (i) availability of information for each provider in the selected sample; (ii) quality of such information; and (iii) relevance of each variable in explaining the technological efficiency gain in the sector.

10.8.5. If it is observed that there are no providers comparable to SABESP at least in terms of size (number of connections or units) and regional scope of the SERVICES, the methodology defined in ARSESP's REGULATION shall be adopted for the calculation of the X FACTOR.

10.8.6. The value of productivity gains resulting from technological advancement measured by the MALMQUIST INDEX methodology, to be applied to the regulatory unit costs:

(i) must be calculated at each PERIODIC TARIFF REVISION, established the TARIFF CYCLE, and applied annually during the annual ADJUSTMENTS;

(ii) is limited to 2% per year;

(iii) must be applied cumulatively on the regulatory unit reference cost.

11. Chapter 11 - Methodology for the calculation of Other Operating Expenses

11.1. In addition to the operating costs already addressed, there are other indirect expenses that shall be passed on to the TARIFFS. Examples of other operating expenses include:

(i) transfers to research, development, and innovation programs (known as RDI);

(ii) expenses for payment for the use of water resources;

(iii) payment of consideration for Public-Private Partnership (PPP) contracts and for asset lease agreements in effect at the EFFECTIVE DATE;

(iv) costs for hiring the VALUATION COMPANY and INDEPENDENT VERIFIER;

(v) expenses associated with the survey of rural area data and the updating of information on informal urban settlements, under Clause 9, item (lll) of the CONTRACT;

(vi) expenses related to the creation and maintenance of the electronic system for ARSESP access to data on LINKED ASSETS, INVESTMENTS, and operational characteristics of the SERVICES, including information on the geolocation of infrastructure, on the INDICATORS AND TARGETS FOR COVERAGE AND LOSSES, and on real-time operating conditions, in addition to real-time access to updated information on the forecasted restoration of interrupted or suspended SERVICES, as provided for in Clause 9, item (dd) of the CONTRACT;

(vii) costs with contracting of insurance and guarantees, under Clauses 10 and 11 of the CONTRACT;

(viii) transfers made by the provider to MUNICIPAL basic sanitation FUNDS.

11.2. In determining the other operating expenses addressed in this chapter, the components related to municipalities that did not join or that withdrew from URAE-1 must be segregated, so that only the expenses of the municipalities listed in Annex I are considered.

11.3. The division of operating expenses, in cases of infrastructure sharing with municipalities not part of URAE-1, shall follow the rules outlined in ARSESP's resolution.

11.4. On the Research, Development, and Innovation Program (RDI):

11.4.1. Throughout the 1st and 2nd TARIFF CYCLES, the percentage allocated to research, development, and innovation ("RDI") shall remain at 0.05%, as established by ARSESP Resolution 920 of November 22, 2019, to be applied to SABESP's direct RR, such that the resulting amount shall be included in the calculation of the EQUILIBRIUM TARIFF.

11.4.2. As of the 3rd TARIFF CYCLE, ARSESP may review the allocation percentage and the oversight of the use of the funds and programs.

11.4.3. The rules governing the allocation, use, control, and recognition of these funds must comply with ARSESP Resolution 920 of November 22, 2019, or any other that may replace it.

11.5. Payment of fees for the use of water resources:

11.5.1. The amount actually spent by SABESP on payment of fees for the use of water resource during the REFERENCE PERIOD shall be included in the calculation of RR and shall be recognized as a non-manageable expense.

11.5.2. Throughout the 1st and 2nd TARIFF CYCLES, the pass-through of this payment shall be made annually based on the REFERENCE PERIOD, at the time of the TARIFF ADJUSTMENT and the 1st TARIFF REVISION, according to subitem "h" of item 5.2.5.

11.5.3. As of the 3rd TARIFF CYCLE, the amount recognized in the TARIFF shall be equivalent to that observed in the REFERENCE PERIOD of the TARIFF REVISIONS.

11.6. PPP consideration payments and asset lease agreements:

11.6.1. The amount actually spent by SABESP on the payment of these considerations during the REFERENCE PERIOD shall be included in the calculation of RR and recognized as a non-manageable expense.

11.6.2. The TARIFFS shall include consideration payments related to contracts in force as of the EFFECTIVE DATE through their contractual term. During the 1st and 2nd TARIFF CYCLES, the pass-through of these payments shall occur annually in the years of the TARIFF ADJUSTMENT and the 1st TARIFF REVISION, according to subitem "h" of item 5.2.5.

11.7. Expenses related to (i) hiring the VALUATION COMPANY and the INDEPENDENT VERIFIER; (ii) conducting rural surveys and updating information on informal urban settlements; (iii) creating and maintaining the electronic information system for data related to LINKED ASSETS, INVESTMENTS, and

SERVICE operational characteristics; and (iv) insurance and guarantee contracting.

11.7.1. These expenses incurred by SABESP during the REFERENCE PERIOD shall be fully passed through to the TARIFFS and recognized as non-manageable expenses, provided their prudence is approved by ARSESP, except for the deduction provided in item 6.2.3 for hiring the VALUATION COMPANY and the INDEPENDENT VERIFIER.

11.7.2. During the 1st and 2nd TARIFF CYCLES, the pass-through of these expenses shall be annual, based on the REFERENCE PERIOD, at the time of the TARIFF ADJUSTMENT and the 1st TARIFF REVISION, according to subitem "i" of item 5.2.5.

11.7.3. As of the 3rd TARIFF CYCLE, the amount recognized in the TARIFF shall be equivalent to that observed in the REFERENCE PERIOD of the TARIFF REVISIONS.

11.8. Transfers to MUNICIPAL FUNDS:

11.8.1. For the purposes of calculating TARIFF REVENUE in the ANNUAL ADJUSTMENTS of the 1st and 2nd TARIFF CYCLES and in the REVISIONS, the annual transfer to the MUNICIPAL FUNDS shall be considered according to the criteria defined in ANNEX II – TECHNICAL ANNEXES, even if they have not been approved by ARSESP under Chapter 3 of ARSESP Resolution 870 of May 13, 2019, or another that may amend or replace it.

11.8.1.1. SABESP must deduct and withhold, from the amount to be transferred to the MUNICIPAL FUNDS, the amounts related to any outstanding debts of the municipal government's direct administration bodies, foundations, and autonomous agencies for water and/or sewage bills, as defined in the MUNICIPAL TECHNICAL ANNEXES of ANNEX II.

11.8.1.2. For the purposes of item 11.8.1.1, SABESP shall determine the existence of outstanding debts and notify the MUNICIPALITY(IES) of the amount due and to be withheld, at least 30 (thirty) days before the transfer to the MUNICIPAL FUND.

11.8.1.3. The direct administration bodies, foundations, and autonomous agencies of the MUNICIPALITY may dispute the withholding referred to in item 11.8.1.1 within 15 (fifteen) days of receiving the notice referred to in item 11.8.1.2. SABESP must rule on the dispute within 15 (fifteen) days of receipt. If the dispute is denied by SABESP, an appeal may be filed with ARSESP within 15 (fifteen) days of the notification of denial, and ARSESP shall make a final administrative decision on the matter.

11.8.1.4. SABESP shall transfer the remaining amount to the respective MUNICIPAL FUNDS within 30 (thirty) days of proof of payment of the overdue bills and/or installment agreements by the MUNICIPALITY or approval of the dispute or appeal referred to in item 11.8.1.3, duly adjusted by the CDI (Interbank Deposit Certificate) for the retention period.

11.8.1.5. Until the bills are definitively paid, late payment charges shall accrue in accordance with ARSESP regulations and/or specific agreements with the municipal direct administration bodies, foundations, and autonomous agencies.

11.8.2. The portion related to transfers to MUNICIPAL FUNDS that have not been approved by ARSESP by the EFFECTIVE DATE shall be considered a credit in favor of USERS, to be accounted for under the rules outlined in Appendix I of this ANNEX. No transfers to the MUNICIPALITY shall be made while its MUNICIPAL FUND is not approved by ARSESP, and retroactive transfers are not allowed.

11.8.3. The provisions of item 11.8.2 shall remain in effect until the respective MUNICIPAL FUND is approved by ARSESP. Transfers to the FMSB shall only be made from that date onward, with no compensation allowed using amounts recorded in LINKED ACCOUNT 1 as described above.

11.8.4. In the 1st TARIFF CYCLE, the anticipated amount transferred in 2024 for municipalities that received an ADVANCE shall be deducted, according to the rules of ANNEX II – TECHNICAL ANNEXES.

11.8.5. During the 1st and 2nd TARIFF CYCLES, the pass-through of MUNICIPAL FUNDS to the TARIFFS shall be annual based on the REFERENCE PERIOD, at the time of the TARIFF ADJUSTMENT and the 1st TARIFF REVISION, according to subitem "g" of item 5.2.5.

11.8.6. As of the 3rd TARIFF CYCLE, the amount recognized in the TARIFF for each cycle shall be equivalent to that observed in the REFERENCE PERIOD of the TARIFF REVISIONS.

11.9. The REGULATORY AND OVERSIGHT FEE shall not be included in the calculation of RR and shall be applied directly to SABESP based on the USER's invoice.

11.10. The taxes related to the Social Integration Program (PIS) and the Contribution for the Financing of Social Security (COFINS) shall not be included in the calculation of TARIFF REVENUE and shall be applied directly to the tariff tables published annually by ARSESP. The effective rate shall be determined in each tariff revision.

11.11. Expenses with the payment of the Urban Real Estate Tax (IPTU) or the Rural Property Tax (ITR), eventually incurred by SABESP, and not already paid by SABESP as of the EFFECTIVE DATE of the CONTRACT, for operational facilities or areas of common interest, including changes in tax classification by municipal

legislation after the EFFECTIVE DATE of the CONTRACT, shall be recognized as non-controllable expenses and included in the calculation of RR in the ANNUAL ADJUSTMENTS of the 1st and 2nd TARIFF CYCLES and in the TARIFF REVISIONS.

12. Chapter 12 - Methodology for Firm Demand

12.1. In the ANNUAL TARIFF ADJUSTMENTS of the 1st TARIFF CYCLE, between 2025 and 2029, the tariff recognition of discounts granted by SABESP in contracts with large USERS existing as of the EFFECTIVE DATE is established, provided the following requirements are met:

(i) The contracts with large users are in effect as of the EFFECTIVE DATE and were signed by December 31, 2022;

(ii) Each connection has a monthly average consumption, over a one-year period, of at least 500 m^3 of water or sewage, or 1,000 m^3 of both services combined;

(iii) The discounted tariff is equal to or greater than twice the average EQUILIBRIUM TARIFF approved by ARSESP in the ANNUAL ADJUSTMENTS;

(iv) SABESP proves, by March 31, 2025, that the total or partial elimination of the discount granted to each contract would result in harm to other USERS due to a reduction in the market, and that the beneficiary has access to alternative water supply sources and/or proper sewage treatment in the event of termination of the firm demand contract.

12.2. In the 1st TARIFF CYCLE, the annual tariff recognition mentioned in item 12.1 shall be capped at R$ 300 million per year, based on February 2024 prices.

12.2.1. ARSESP may define a lower amount to be recognized in the TARIFF REVENUE, based on the supporting studies that SABESP presents to the Agency in accordance with the criteria listed in item 12.1.

12.2.2. ARSESP shall have until June 31, 2025, to evaluate the advantage studies of existing contracts and inform SABESP of its conclusion. In case of pending information or noncompliance with the criteria established in this ANNEX, SABESP shall have until August 31, 2025, to adjust its study.

12.2.3. The maximum limit for recognizing the discount granted to large users in the tariff shall be monetarily adjusted by the IPCA from the ADJUSTMENT base date or any other index that may replace it.

12.3. ARSESP shall establish the criteria for tariff recognition of discounts granted to large users in amendment to ARSESP Deliberation 1,150 of April 08, 2021, within 360 days from the EFFECTIVE DATE.

12.3.1. New contracts entered into after the EFFECTIVE DATE must comply with the criteria defined by ARSESP through a resolution to be

published by July 31, 2025, in order for the discounts granted to be recognized in the TARIFFS.

12.3.2. Discounts to LARGE USERS under COMMERCIAL PROGRAMS entered into between the EFFECTIVE DATE and July 2025 must comply with the rules of ARSESP Resolution 1,150 of April 08, 2021.

12.4. For the purpose of calculating the TAI in the ANNUAL ADJUSTMENTS of the 1st and 2nd TARIFF CYCLES and in the PERIODIC TARIFF REVISIONS, the Tariff Revenue verified in the REFERENCE PERIOD must price the consumption histograms with the average applicable tariffs already reflecting the discounts applied, provided they refer to COMMERCIAL PROGRAMS approved by ARSESP.

13. Chapter 13 – Regulatory Treatment for Renovations and Cancellations

13.1. ADJUSTMENTS AND CANCELLATIONS shall not be included in the RR as an expense. Their amount shall be considered in the observed base Tariff Revenue in the REFERENCE PERIOD (RT0), which shall be the product of the tariff table in effect that year and the REFERENCE MARKET considering the volumes recorded in the histogram generated from the original billing adjusted for the adjustments and cancellations.

13.2. ADJUSTMENTS AND CANCELLATIONS shall implicitly be included in the TAI calculation provided that:

13.2.1. the reasons for adjusting or canceling a bill are those defined in ARSESP Resolution 106 of November 13, 2009, or another that may replace it, which include (i) high consumption due to leakage or without apparent cause; (ii) registration changes; (iii) cancellation of debts; and (iv) consumption charged based on an average;

13.2.2. they are incorporated into the consumption histograms within 90 days for the purpose of calculating the TAI in the ANNUAL ADJUSTMENTS of the first two TARIFF CYCLES, in the REVISIONS, and in the LINKED ACCOUNTS;

13.2.3. SABESP's commercial system allows for traceability and auditing of processed adjustments and cancellations for ARSESP's assessment.

14. Chapter 14 - Methodology for the calculation of UNRECOVERABLE REVENUES

14.1. UNRECOVERABLE REVENUES represent a portion of SABESP's billed revenue that, after all commercial and legal collection efforts, was not recovered. It is therefore not a case of temporary default, but a permanent situation due to the USER's financial inability or SABESP's lack of coercive capacity, and only the portion related to structural default should be recognized in the TARIFF.

14.2. ARSESP shall encourage and promote the pursuit of efficiency in billing and collection.

14.3. In the 1st TARIFF CYCLE, the regulatory target for UNRECOVERABLE REVENUES shall be defined according to the criteria described in Annex VIII – INITIAL TARIFF FORMATION. This regulatory target shall remain fixed during the ADJUSTMENTS on the occasion of the RAB UPDATE and the market over the 1st TARIFF CYCLE and shall be applied to the TARIFF REVENUE.

14.4. In the ADJUSTMENTS of the 2nd TARIFF CYCLE, on the occasion of the RAB and market UPDATE, the percentage of UNRECOVERABLE REVENUES in relation to the REQUIRED REVENUE defined in the 1st PERIODIC TARIFF REVISION shall apply.

14.5. As of the 2nd TARIFF CYCLE, ARSESP shall use the AGING METHODOLOGY OR DEBT AGING CURVE to determine the UNRECOVERABLE REVENUES to be compensated through the TARIFFS.

14.5.1. The regulatory target for UNRECOVERABLE REVENUES shall be determined based on the historical behavior of SABESP's verified bill payment flow over a 60-month period counted up to December of PR0, referring to the stabilization point of the monthly non-receipt index curve.

14.5.2. Through a resolution, ARSESP shall assess the segregation of the calculation of UNRECOVERABLE REVENUES by consumption class, to encompass the composition of the served market, under the AGING methodology rules defined in item 14.5. In the case of the rural category, ARSESP shall define a default calculation methodology that reflects the characteristics of this particular consumption category.

14.5.3. The total regulatory target defined in each PERIODIC TARIFF REVISION shall remain fixed throughout the corresponding TARIFF CYCLE, and in its calculation, ARSESP shall observe the best regulatory practices adopted in regulated network industries, both local and international, especially in basic sanitation and electricity sectors.

15. Chapter 15 - Chapter 15 – Methodology for the calculation of ADDITIONAL REVENUES, SUPPLEMENTAL REVENUES, Revenues from ASSOCIATED PROJECTS, K FACTOR, and Tax Credits

15.1. SABESP is hereby authorized to explore the following SUPPLEMENTAL ACTIVITIES, in addition to those provided for in ARSESP Resolution 790 of April 26, 2018, or any that may replace it, always remunerated by OTHER PRICES:

(i) Inspections and certificates;

(ii) Septic tank cleaning and maintenance of individual systems on private rural properties;

(iii) Additional charge to USERS that produce non-domestic sewage due to the pollutant load (K FACTOR).

15.1.1. In addition to the activities provided for in this CONTRACT, ARSESP may include new SUPPLEMENTAL ACTIVITIES according to their essential nature and relation to the main activity, provided that ARSESP Resolution 1,107 of December 29, 2020, or another normative act that may amend or replace it is observed, always ensuring the preservation of the list in item 15.1 and the CONTRACT's risk allocation is respected.

15.1.2. The exploration of SUPPLEMENTAL ACTIVITIES other than those listed in this ANNEX or defined by ARSESP in REGULATION must be previously approved by the Agency.

15.2. The OTHER PRICES shall be defined and updated under the terms of ARSESP Resolution 790 of April 26, 2018, and its amendments and shall be adjusted under the terms of the CONTRACT's ADJUSTMENT rule.

15.2.1. The revision of the OTHER PRICES defined in the CONTRACT shall occur if it is shown that the prices indicated in ARSESP resolutions do not reflect the cost of efficient provision. In this case, ARSESP, on its own or at the request of SABESP, may redefine the prices of these activities based on a cost study.

15.3. SABESP is hereby authorized to explore the activities of ASSOCIATED PROJECTS and the following ANCILLARY ACTIVITIES, remunerated by ADDITIONAL REVENUES:

(i) Treatment of effluents from tanker trucks (landfill leachate, septic tanks, and non-domestic sewage);

(ii) Sale of used water meters and/or their by-products, provided they have been replaced and there is no impact on the continuity of SERVICE provision;

(iii) Advertising via physical and digital water and sewage bills (including insert distribution);

(iv) Advertising on digital tools, such as apps and website;

(v) Sale of reuse water;

(vi) Sale of sludge by-products from the treatment processes for fertilizer production;

(vii) Production and sale of Biogas, Biomethane, and other sewage by-products;

(viii) Sale of energy;

(ix) Infrastructure sharing;

(x) Carbon credit trading;

(xi) Installation of qualified cogeneration;

(xii) Execution and maintenance of rainwater drainage works; and

(xiii) Charging of urban solid waste handling fee – TMRSU.

15.4. SABESP may engage in ANCILLARY ACTIVITIES or ASSOCIATED PROJECTS, either directly or indirectly, and may establish a wholly-owned subsidiary for this purpose.

15.5. SABESP may engage in other ANCILLARY ACTIVITIES not mentioned in item 15.3 above, compensated by ADDITIONAL REVENUES, provided that such engagement:

(i) does not compromise the quality standards of the SERVICES;

(ii) does not hinder the normal provision of the SERVICES; and

(iii) is not incompatible with the purpose of the CONTRACT, in accordance with applicable legislation, including the laws governing SABESP's activities and services.

15.6. ARSESP may deny authorization for the exploitation of a specific ANCILLARY ACTIVITY or ASSOCIATED PROJECT, or order the cessation of an ongoing exploitation, through a reasoned decision, when it is not in compliance with the requirements set forth in applicable legislation or this CONTRACT.

15.7. The methodology for calculating the revenue-sharing from SUPPLEMENTAL ACTIVITIES, ANCILLARY ACTIVITIES, ASSOCIATED PROJECTS, and the K FACTOR for the 1st TARIFF CYCLE shall be the one defined in ANNEX VIII – INITIAL TARIFF FORMATION. In the ANNUAL ADJUSTMENTS of the 1st CYCLE, at the time of the RAB and MARKET UPDATE, this sharing:

15.7.1. shall remain fixed and equal to the historical average of revenues earned by SABESP in the case of ADDITIONAL REVENUES. Any excess revenue effectively earned by SABESP during the 1st CYCLE shall be entirely retained by the company. Any shortfall shall be entirely absorbed by SABESP; and

15.7.2. shall equal the net revenue (after taxes and duties) collected by SABESP from SUPPLEMENTAL ACTIVITIES in the REFERENCE PERIOD, and shall be fully passed on to tariff affordability;

15.7.3. shall equal the revenue invoiced through the application of the K FACTOR during the REFERENCE PERIOD, and shall be fully passed on to tariff affordability;

15.7.4. Revenues obtained by SABESP from fines and late payment interest shall not be subject to revenue sharing.

15.8. In the 2nd TARIFF CYCLE, ARSESP shall consider:

(i) the full pass-through to tariff affordability of net revenues (after taxes and duties) from SUPPLEMENTAL ACTIVITIES. If these activities incur additional costs, as demonstrated by Regulatory Accounting, the

pass-through shall be 100% of the profit, not the net revenue, so that additional costs are not passed on to tariff affordability;

(ii) the pass-through to tariff affordability of 50% of the profit from ANCILLARY ACTIVITIES and ASSOCIATED PROJECTS as of the 2nd TARIFF CYCLE, considering any additional costs incurred in executing these activities. These additional costs shall not be passed on to tariff affordability. ARSESP will estimate the profit from these activities based on SABESP's historical results;

(iii) the full pass-through to tariff affordability of net revenues (after taxes and duties) from ANCILLARY ACTIVITIES in the 2nd TARIFF CYCLE only if SABESP fails to implement Regulatory Accounting within the timeframe established in Chapter 18 of this ANNEX;

(iv) the full pass-through to tariff affordability of revenues obtained through the application of the K FACTOR. If the treatment of non-domestic sewage from USERS subject to the increased tariff due to this Factor incurs additional costs, as demonstrated by Regulatory Accounting, the pass-through shall be 100% of the profit, not the net revenue, so that additional costs are not passed on to tariff affordability.

15.9. From the 3rd TARIFF CYCLE onward, ARSESP shall consider:

15.9.1. The full pass-through to tariff affordability of net revenues (after taxes and charges) from SUPPLEMENTAL ACTIVITIES, net of any additional costs, which shall not be passed on. This pass-through shall be calculated based on the annual average of historical values recorded in the TARIFF CYCLE preceding each PERIODIC TARIFF REVISION;

15.9.2. As a financial component in the ANNUAL ADJUSTMENTS, the difference (whether positive or negative) between the actual amount earned by SABESP from SUPPLEMENTAL REVENUES and K FACTOR REVENUES, and the average amount calculated by ARSESP in the periodic tariff review (PTR), so that the actual annual value is shared with USERS;

15.9.3. The maintenance of the revenue-sharing criteria for ADDITIONAL REVENUES and ASSOCIATED PROJECTS defined for the 2nd TARIFF CYCLE;

15.9.4. The possibility of reducing the pass-through of 100% of the profit from the application of the K FACTOR.

15.10. ARSESP shall regulate the approval/consent process for contracts executed with related parties, whose outcomes qualify as part of the ADDITIONAL REVENUES from ANCILLARY ACTIVITIES, in accordance with the criteria defined in item 19 of this ANNEX.

15.11. SABESP may submit studies to ARSESP demonstrating that the revenue-sharing percentage for ADDITIONAL REVENUES may render the exploitation

unviable, in which case a lower percentage, specific to a given ANCILLARY ACTIVITY or ASSOCIATED PROJECT, may be defined by mutual agreement.

15.12. ARSESP shall respond to the request outlined in item 15.11 within 30 (thirty) days of receipt, sending a copy of its response to URAE-1.

15.13. The exploitation of COMPLEMENTARY ACTIVITIES and ANCILLARY ACTIVITIES by SABESP shall also comply with the condition that any contracts entered into by SABESP for such purposes, as referred to in item 15.3, shall not exceed the term of this CONTRACT, unless expressly authorized by ARSESP. SABESP shall take all necessary measures to return the areas and infrastructure involved, free and clear of any assets or rights, including without any residual value, taxes, charges, liabilities, encumbrances, or burdens of any kind to URAE-1, ARSESP, the STATE, or the MUNICIPALITIES.

15.14. The amount of K FACTOR revenue shared during the ANNUAL ADJUSTMENTS of the 1st TARIFF CYCLE, at the time of the RAB and MARKET UPDATE shall equal the revenue collected through application of that Factor in the REFERENCE PERIOD, and shall be fully passed on to tariff affordability.

15.15. Any tax credits effectively obtained by SABESP, resulting from subsidies granted with FAUSP funds under Federal Law 14,789/2023, or any legislation that may replace it, shall be shared with USERS in the proportion of 90%.

15.16. For the purposes of the revenue-sharing mentioned in item 15.15, SABESP shall inform ARSESP by September 30 of the year in which the ADJUSTMENT or PERIODIC TARIFF REVISION is processed of the total tax credits effectively obtained since the date of the previous ADJUSTMENT or PERIODIC TARIFF REVISION.

15.17. The value of the tax credits, for revenue-sharing purposes, shall be adjusted for inflation using the IPCA index up to the base date of each ADJUSTMENT or PERIODIC TARIFF REVISION.

16. Chapter 16 - Methodology for the calculation of the quality incentive factor (Q FACTOR)

16.1. Provided that the sum of the Q FACTOR and the U FACTOR is less than zero, the Q Factor shall be applied annually as either a reduction or an increase to the Tariff Adjustment Index in ADJUSTMENT processes and to the Tariff Repositioning Index in PERIODIC TARIFF REVISION processes, with a positive or negative limit of 2%, in accordance with the provisions of Annex VII.

16.2. The Q Factor determined for the REFERENCE PERIOD must have its effect excluded from the subsequent tariff process, whether it be an adjustment or a periodic revision, and shall therefore not be subject to accumulation or perpetuity.

16.3. The formula for calculating the Q FACTOR, the indicators that comprise it, and their respective weights shall be defined in Annex VII – U FACTOR, Q FACTOR, AND QUALITY INDICATORS.

16.4. At each PERIODIC TARIFF REVISION, ARSESP shall publish the target menu applicable to the indicators for the subsequent TARIFF CYCLE, as well as the rules and deadlines for SABESP to select its targets.

16.5. The data for calculating the Q Factor must be submitted by SABESP to ARSESP by May 31 of the year in which the tariff process for ADJUSTMENT or PERIODIC TARIFF REVISION takes place.

16.6. ARSESP shall:

(i) be responsible for calculating the Q Factor for each ADJUSTMENT and PERIODIC TARIFF REVISION, starting from the 1st TARIFF CYCLE;

(ii) assess the data submitted by SABESP by September 30 of the year in which the ADJUSTMENT or PERIODIC TARIFF REVISION is processed.

17. Chapter 17 - Methodology for the calculation of the universalization factor (U FACTOR)

17.1. In the event of noncompliance with the coverage targets, as established in ANNEX VII, Factor U shall be applied annually as a reducing factor to the Tariff Adjustment Index in ADJUSTMENT processes and to the Tariff Repositioning Index in PERIODIC TARIFF REVISION processes.

17.2. The U Factor determined for the REFERENCE PERIOD must have its effect excluded from the subsequent tariff process, whether it be an adjustment or a periodic revision, and shall therefore not be subject to accumulation or perpetuity.

17.3. The formula for calculating the FACTOR and the indicators that comprise it shall be defined in Annex VII – U FACTOR, Q FACTOR, AND QUALITY INDICATORS.

17.4. The data used to calculate the U Factor, specifically those related to the coverage index determined for the REFERENCE PERIOD, with a cut-off date of December 31, must be submitted by SABESP to ARSESP by May 31 of the following year, as part of the tariff ADJUSTMENT or PERIODIC TARIFF REVISION process. 17.5.

17.5. ARSESP shall:

(i) be responsible for calculating the U Factor in each ADJUSTMENT and PERIODIC TARIFF REVISION process, starting from the 1st TARIFF CYCLE, based on information provided by the INDEPENDENT VERIFIER;

(ii) assess the data submitted by SABESP by September 30 of the year in which the ADJUSTMENT or PERIODIC TARIFF REVISION is processed.

18. Chapter 18 - Regulatory Accounting

18.1. SABESP shall implement the Regulatory Accounting defined by ARSESP in ARSESP Resolution 1,137 of March 04, 2021, by December 31, 2026. Otherwise:

18.1.1. The penalties provided in ANNEX III – INFRACTIONS AND PENALTIES shall apply; and

18.1.2. Starting from the 2nd TARIFF CYCLE: (i) the sharing percentage for TECHNICAL EFFICIENCY gains, as defined in item 10 of this ANNEX, shall be 75%; and
(ii) the percentage of revenue from ANCILLARY ACTIVITIES shared with USERS shall be 100%, net of charges and taxes.

18.2. After the 1st TARIFF CYCLE, ARSESP shall assess the need to update the Regulatory Accounting Manual. For purposes of monitoring and oversight of the provision of SERVICES, SUPPLEMENTAL ACTIVITIES, ANCILLARY ACTIVITIES, ASSOCIATED PROJECTS, and contracts between RELATED PARTIES, the Manual must include at least:

(i) Disaggregation of information related to shared costs between SABESP and its subsidiaries;

(ii) Specification of additional costs, revenues, and assets related to SUPPLEMENTAL ACTIVITIES, ANCILLARY ACTIVITIES, and ASSOCIATED PROJECTS;

(iii) Separation of accounting entries by cost centers, especially for shared services;

(iv) Distinction between LINKED ASSETS to the concession—reversible and non-reversible—and NON-LINKED ASSETS.

18.3. Whenever ARSESP revises the Regulatory Accounting Manual and changes or replaces ARSESP Resolution 1,137 of March 04, 2021, SABESP shall have a maximum of two years to implement the modifications. In case of noncompliance with this deadline, the penalties provided for in item 18.1 and in ANNEX III – INFRACTIONS AND PENALTIES shall apply as of the TARIFF CYCLE following the publication of the new Resolution by ARSESP.

19. Chapter 19 - Related Pary Transaction

19.1. Within two months of the EFFECTIVE DATE, SABESP must maintain, develop, publish, and implement a Related Party Transactions Plan or policy, in accordance with the best practices recommended in the Brazilian Corporate Governance Code – Publicly-Held Companies, issued by the Interagency Working Group coordinated by the Brazilian Institute of Corporate Governance, as well as the provisions of the Novo Mercado Regulations, the Brazilian Corporation Law, and applicable CVM regulations, or any future replacement references.

19.2. The Related Party Transactions Plan must be submitted to ARSESP for information, including any amendments.

19.3. The Related Party Transactions Plan must include, at least, the following elements, without prejudice to other elements SABESP may consider necessary:

(i) Criteria to be observed in transactions between SABESP and its RELATED PARTIES, requiring fair conditions aligned with market practice, equivalent to those that would be obtained in an independent negotiation with an unrelated party;

(ii) Procedures to identify individual situations that may create conflicts of interest, and to prevent voting by SABESP shareholders or managers in such cases;

(iii) Procedures and persons responsible for identifying RELATED PARTIES and classifying operations as Related Party transactions;

(iv) Specification of the approval authorities for transactions with RELATED PARTIES, based on the value involved or other materiality criteria;

(v) Requirement to conduct competitive bidding processes, as approved by SABESP management, for contracting works and SERVICES with RELATED PARTIES, without prejudice to provisions in the plan allowing RELATED PARTIES preference if they match the best terms obtained in the process;

(vi) Prohibition of advance payments in contracts with RELATED PARTIES, except for mobilization cost advances customary in similar market contracts; and

(vii) Obligation for SABESP's management to formalize, in a written document filed at SABESP, the justification for selecting a RELATED PARTY over market alternatives.

19.3.1. The Related Party Transactions Plan must be updated by SABESP whenever necessary, in line with evolving best practices referred to in item 16.3 and the need to include or amend specific provisions that enhance transparency and fairness in such RELATED PARTY transactions.

19.3.2. The related party transaction plan must require SABESP to disclose, on its website and subject to applicable monetary thresholds defined in law or regulation, the following information about any related party contract:

(i) General information about the RELATED PARTY contracted;

(ii) Purpose of the contract;

(iii) Duration of the contract;

(iv) General payment and price adjustment conditions;

(v) Description of the negotiation process with the RELATED PARTY and the decision to enter into the transaction; and

(vi) Justification for contracting with the RELATED PARTY instead of market alternatives.

19.3.3. This disclosure must take place in accordance with current regulations, prior to the commencement of the activities under contract with the RELATED PARTY.

19.3.4. In addition to the provisions of item 19.3.3, SABESP must send ARSESP a copy of all contracts entered into with RELATED PARTIES within the same timeframe.

19.3.5. Unless previously approved by ARSESP, SABESP is prohibited from:

Providing guarantees such as surety, endorsement, or any other form of collateral to its shareholders, RELATED PARTIES, or third parties.

19.3.6. SABESP may receive funds from RELATED PARTIES via loan agreements, provided that repayment of such loans is subordinated to the payment of any amounts due to URAE-1, ARSESP, the STATE, and MUNICIPALITIES—including regulatory fees due to ARSESP—under the CONTRACT and subject to the conditions described in item 19.3.2 applicable to RELATED PARTY contracts, as established in the Related Party Transactions Plan.

19.3.7. SABESP must submit contracts with RELATED PARTIES to ARSESP for prior approval, under procedures to be defined in specific regulations, with the aim of verifying market price compatibility while preserving the confidentiality of strategic and/or sensitive information.

ANNEX VI

PERFORMANCE GUIDELINES FOR THE VALUATION COMPANY AND INDEPENDENT VERIFIER

ANNEX VII

U FACTOR, Q FACTOR, AND QUALITY INDICATORS

Clause 1. Preamble and purpose

1.1. This Annex VII – U FACTOR, Q FACTOR AND QUALITY INDICATORS ("ANNEX") establishes (i) the regulatory mechanisms applicable in cases of non-compliance with the UNIVERSALIZATION GOALS and (ii) the incentive mechanisms for the provision of quality SERVICES that must be followed by SABESP throughout the term of the CONTRACT.

1.2. The ANNEX will be structured into the following categories:

(i) Definitions;

(ii) Regulatory mechanisms in case of non-compliance with UNIVERSALIZATION GOALS;

(iii) Methodology for calculating the UNIVERSALIZATION FACTOR (U FACTOR); and

(iv) Methodology for calculating the QUALITY INCENTIVE FACTOR (Q FACTOR).

1.3. This ANNEX will be binding on the PARTIES and ARSESP.

1.4. Capitalized terms will have the definitions contained in Clause 1 of the CONTRACT (Title II – Definitions – Chapter 1 – Glossary), or, when they are not defined in the CONTRACT, will have the definitions established in this ANNEX.

Clause 2. Definitions

2.1. For the purposes of this ANNEX, the following definitions apply:

(i) UNIVERSALIZATION FACTOR (U FACTOR): index applied yearly in INCREASE or REVISION processes that may reduce the Tariff Adjustment Index ("IRT") provided for in Annex V – REGULATORY MODEL in the event of non-compliance with the UNIVERSALIZATION GOALS;

(ii) QUALITY INCENTIVE FACTOR (Q FACTOR): index applied annually in the ADJUSTMENT or TARIFF REVISION processes with the potential to reduce or increase the IRT, under the terms established in ANNEX V, with the objective of encouraging improvements in the provision of SERVICES through the granting of tariff increases (i.e. Q Factor > 0) when performance is superior to that stipulated in this CONTRACT or tariff reductions to SABESP (i.e. Q Factor < 0) when overall performance falls short of that stipulated. Also called GENERAL QUALITY INDEX (GQI);

(iii) Water Supply Service Coverage Indicator (ICA): percentage of households located in the MUNICIPALITY covered by the water supply service in relation to the total number of residential homes;

(iv) Indicator of Sewage Collection or Disposal Service Coverage in the MUNICIPALITY (ICE): percentage of residential households covered by a sewage network or septic tank for the collection of excreta or sanitary sewage in relation to the total number of residential households;

(v) Indicator of Sewage Treatment Service Coverage (IEC): percentage of residential households covered by a sewage network with sewage treatment or by a septic tank for the on-site collection and disposal of excreta or sanitary sewage, relative to the total number of residential households;

(vi) QUALITY INDICATORS: indicators of product quality, service quality, commercial quality, and pavement restoration quality provided for in Clause 5 of this ANNEX;

(vii) COVERAGE GOALS: set of water and sewage coverage goals, outlined in Annex II – TECHNICAL ANNEX OF EACH MUNICIPALITY;

(viii) GOALS FOR INCREASING UNITS: a set of targets related to the increase in new residential household connections, as provided in Annex II – TECHNICAL ANNEX FOR EACH MUNICIPALITY;

(ix) UNIVERSALIZATION GOALS: include both COVERAGE GOALS and GOALS FOR INCREASING UNITS;

(x) NEW RESIDENTIAL ECONOMIES: includes (a) domestic units whose physical incorporation into the water supply, collection or sewage treatment systems occurred after December 31, 2023, with those that were previously removed and subsequently reconnected not being considered new units; or (b) domestic units that, before December 31, 2023, had sewage collection service and were connected to the treatment system after that date. Rule (b) applies only to savings goals associated with sewage treatment service;

(xi) ADAPTATION PLAN: plan to be prepared and implemented by SABESP after verifying non-compliance with any of the UNIVERSALIZATION GOALS, informing how the provider intends to meet the unmet goal. The minimum content of the ADAPTATION PLAN and the criteria for its acceptance will be subject to specific regulations by ARSESP.

Clause 3. Regulatory Mechanisms in case of Non-Compliance with UNIVERSALIZATION GOALS

3.1. Compliance with the SERVICE UNIVERSALIZATION GOALS, as defined in Annex II – TECHNICAL ANNEX OF EACH MUNICIPALITY, will be assessed by observing the following indicators and scaling:

(i) for the years 2025 and 2026, the GOALS FOR INCREASING UNITS will be observed by territorial division of URAE-1 (formal and informal urban together with rural);

(ii) for the year 2027, the COVERAGE GOALS of each MUNICIPALITY will be observed without territorial division, as defined in Annex II – TECHNICAL ANNEX OF EACH MUNICIPALITY. These COVERAGE GOALS will be assessed using the ICA and ICE indicators; and

(iii) from 2028 onwards, the COVERAGE GOALS of each MUNICIPALITY will be observed by territorial division (formal urban, informal and rural). These COVERAGE

goals will be assessed using the ICA and ICE indicators, in their urban, informal and rural variants, as defined in Annex II – TECHNICAL ANNEX OF EACH MUNICIPALITY.

3.1.1. From 2027 onwards, compliance with the COVERAGE GOALS of the collected sewage treatment service will be assessed by the IEC indicator, without cut-off, as defined in Annex II – TECHNICAL ANNEX OF EACH MUNICIPALITY.

3.2. In the event of total or partial non-compliance with the CONTRACT with regard to the UNIVERSALIZATION GOALS, SABESP will be cumulatively subject, to:

(i) application of UNIVERSALIZATION FACTOR (U FACTOR);

(ii) obligation to prepare and execute an ADAPTATION PLAN, under terms to be defined by ARSESP after verifying non-compliance with any of the UNIVERSALIZATION GOALS on which the U Factor applies;

(iii) declaration of termination of the CONTRACT, under its terms and under the terms of Federal Law 11,445/2007 (Art. 11-B § 7), in the event of repeated non-compliance with the annual COVERAGE GOALS, as described in Clause 3.5, preceded by due legal process, under APPLICABLE LEGISLATION and REGULATION.

3.2.1. Without prejudice to the indicator assessment procedure provided for in Clause 43 of the CONTRACT, including the provisions of paragraphs 5 to 9, SABESP shall not be held liable, under the terms above, for failure to comply with the UNIVERSALIZATION GOALS of the service when the failure is provenly due to the omission or delay of URAE-1, the MUNICIPALITIES or the STATE in fulfilling their obligations, under the terms of Chapter 2 of the CONTRACT and other risks assumed by URAE-1, under the terms of Clause 37 of the CONTRACT. Defaults incurred by URAE-1, Municipalities and/or STATE may be considered as excluding liability to SABESP with regard to compliance with the UNIVERSALIZATION GOALS obligations, and investments not made may not be recognized in the RAB, nor will any financial losses resulting from the lack of increase in the RAB due to the non-realization of investments be considered.

3.3. The ADAPTATION PLAN defined in subclause 3.2 (ii) will be prepared by SABESP and submitted to ARSESP for analysis and validation, and must:

(i) be presented to ARSESP within 60 days after notification by ARSESP of the non-compliance with the COVERAGE GOAL;

(ii) be analyzed by ARSESP within 30 days and, if approved, submitted to SABESP for implementation measures. If not approved, it will be returned to SABESP for the indicated adjustments;

(iii) be reviewed and adjusted by SABESP, being submitted to ARSESP for the appropriate analysis within 15 days;

(iv) be reviewed and approved by ARSESP within 15 days after resubmission by SABESP; and

(v) have its execution initiated by SABESP in the same year of its approval.

3.3.1. The approval of the ADAPTATION PLAN by ARSESP does not exempt, in any way, SABESP from the obligation to meet all the goals related in this Annex or in ANNEX II – TECHNICAL ANNEX OF EACH MUNICIPALITY.

3.4. The assumptions and methodology for determining the UNIVERSALIZATION FACTOR (U FACTOR) are outlined in Clause 4 of this ANNEX.

3.5. The characterization of breach of contract for the purposes of possible termination of the CONTRACT, under Federal Law 11,445/2007 (Art. 11-B § 7), is subject to the hypotheses expressly described in the CONTRACT, in Annex III - INFRACTIONS AND PENALTIES and/or the occurrence of one of the following conditions:

(i) failure to comply with at least one of the URAE-1 COVERAGE GOALS, assessed using the ICA, ICE and IEC indicators, in two consecutive years or in three non-consecutive years within a five-year period starting in 2025; and/or

(ii) failure to comply with at least one of the COVERAGE GOALS of the MUNICIPALITIES assessed through the ICA, ICE, and IEC indicators without cuts, which represents at least one third (1/3) of the MUNICIPALITIES of URAE-1, in two consecutive years or in three non-consecutive years starting in 2027, provided that there is no increase in any of the three URAE-1 coverage indices; and/or.

(iii) measurement of the service availability indicator WOCI – User Complaints Index Related to Water Outages and Low Pressure reaching a level equal to or greater than 95, regardless of the applicable target menu used to calculate the Q Factor, for 4 consecutive semesters or 7 non-consecutive semesters within a five-year period.

3.6. The ICA, ICE, and IEC indicators are calculated according to the formulas presented in Annex II – TECHNICAL ANNEX.

3.7. Until 2030, for the specific purpose of evaluating the scenarios provided for in this Annex that may lead to contract termination, the COVERAGE GOALS for URAE-1 shall be those indicated in the table below or any others that may replace them through a contractual amendment.

Year	ICA	ICE	IEC
2025	95%	88%	78%
2026	97%	90%	85%
2027	99%	93%	87%
2028	99%	96%	89%
2029 - 2060	99%	99%	99%

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ANNEX VIII
THE INITIAL TARIFF FORMATION

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1. Chapter 1 - Preamble and Purpose

1.1. This Annex VIII – Initial Tariff Formation ("**ANNEX**") establishes the parameters and assumptions adopted for the calculation of the INITIAL TARIFF of the CONTRACT, to be published within the scope of the PRIVATIZATION PROCESS, and the criteria which must be adopted by ARSESP for the 1st ADJUSTMENT.

1.2. The Annex will be structured into the following modules:

(i) Definitions;

(ii) Methodology for calculating the Initial Tariff;

(iii) Calculation of the K Factor Revenue;

(iv) Calculation of Additional Revenues, Supplemental Revenues and Revenues for Associated Projects;

(v) Calculation of Unrecoverable Revenue;

(vi) Calculation of Operating Expenses;

(vii) Calculation of Other Operating Expenses;

(viii) Calculation of Capital Remuneration;

(ix) Calculation of the Regulatory Remuneration Rate;

(x) Capital Reinstatement calculation;

(xi) Calculation of the Financial Components of the 2024 Adjustment;

(xii) Criteria for the 1st ANNUAL TARIFF ADJUSTMENT;

(xiii) General Provisions.

1.3. The methodology established in this ANNEX has as its main purpose the definition of an INITIAL TARIFF of the CONTRACT and the tariff affordability.

1.4. This ANNEX will be binding on the PARTIES and ARSESP.

1.5. Capitalized terms will have the definitions contained in Clause 1 of the CONTRACT (Title II – Definitions – Chapter 1 – Glossary), or, when they are not defined in the CONTRACT, will have the definitions detailed in this ANNEX or in ANNEX V – REGULATORY MODEL.

2. Chapter 2 - Definitions

2.1. For the purpose of this ANNEX, the following definitions apply:

(a) COMPENSATORY ADJUSTMENT OF THE 3RD OTR ("COMPENSATORY ADJUSTMENT): a financial component of the 3rd OTR, to be applied on the EQUILIBRIUM TARIFF of the 1ST ADJUSTMENT for the components foreseen in Final Technical Note NT.F-0016-2021, as compensatory adjustments for the cycle, if they have not yet been implemented;

(b) USER CATEGORIES: classification of UNITS served through the provision of SERVICES. In this ANNEX, two large groups are considered:

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residential and non-residential. The non-residential category includes industrial, commercial and public units;

(c) FINANCIAL COMPONENTS: adjustments or compensations relating to the previous period that will affect the EQUILIBRIUM TARIFF of the following tariff period. Reimbursements may be made to both USERS and SABESP;

(d) UNITS: property or part of a property that uses water supply and/or sanitation SERVICES, even if through a single connection;

(e) TECHNICAL INEFFICIENCY INVENTORY: represents the distance between SABESP's operating costs and the EFFICIENCY FRONTIER, which shows the minimum operating costs for a certain level of PRODUCTS;

(f) K FACTOR: technical coefficient attributed to the pollutant load resulting from the discharge of non-residential sewage into SABESP's network, which, in general, increases the monthly billing for large users such as industrial and commercial customers whose effluents are discharged into the public network;

(g) EFFICIENCY FRONTIER: minimum level of operating costs (INPUTS) that can be used to achieve a certain level of PRODUCTS, estimated through sector benchmarking techniques. It is the minimum cost curve where the most

efficient companies are located compared to the sample list of service providers;

(h) CONNECTIONS: connection from a building or residential branch, or another alternative method, to the water distribution network and/or the sewage collection network. In buildings, a connection can serve a single unit or several units;

(i) REFERENCE MARKET: refers to the water distribution and sewage collection market observed during the RP0, whose information includes data on volumes, number of units and connections during 12 months, from January to December 2023;

(j) REFERENCE PERIOD 0 or RP0: corresponds to the period from January to December 2023;

(k) REFERENCE PERIOD 1 or RP1: corresponds to the validity period for the INITIAL TARIFF. This includes the period between the EFFECTIVE DATE and December 2025, when the 1st ADJUSTMENT will be approved;

(l) K FACTOR REVENUE: revenue resulting from the application of the K FACTOR, which corresponds to the technical coefficient attributed to the pollutant load resulting from the discharge of non-residential sewage into the public network, which, in general, increases the monthly billing for large users such as industrial and commercial customers whose effluents are discharged into SABESP's network;

(m) BASE TARIFF REVENUE 0 (TR0): base tariff revenue verified in RP0. Corresponds to the product between the EQUILIBRIUM TARIFF in effect during the last month of RP0 and the BILLED MARKET in RP0, considering only the tariff discounts authorized by ARSESP (January to December 2023);

(n) BASE TARIFF REVENUE 1 (TR1): the base tariff revenue corresponding to the REQUIRED REVENUE calculated for RP0 minus ADDITIONAL REVENUES, SUPPLEMENTAL REVENUES and K FACTOR REVENUE;

(o) WATER TARIFF REVENUE: operating revenue generated through water supply services. This is the sum of the tariff revenue resulting from services provided to residential and non-residential users;

(p) SEWAGE TARIFF REVENUE: operating revenue generated through sewage collection and/or treatment services. This is

the sum of the tariff revenue resulting from services provided to residential and non-residential users;

(q) RETURNS TO SCALE: properties that describe the relationship between changes in INPUTS caused by changes in PRODUCTS. Constant returns to scale are said to exist when the variation in inputs generates a proportional variation in outputs. There are increasing returns to scale when the variation in input generates a more than proportional variation in products. The decreasing returns to scale occur when the variation in inputs generates a lower than proportional variation in products;

(r) INITIAL TARIFF or P0: EQUILIBRIUM TARIFF is initial average of the CONTRACT that must be in force in RP1, recorded as reais per cubic meter. It is the result of the ratio between TR1 and the MEASURED VOLUME in RP0. This is the TARIFF that remunerates prudent investments and covers SABESP's efficient costs in RP1, to which the Company is entitled;

(s) INITIAL APPLICATION TARIFF: the average tariff to be paid by USERS to SABESP for the use of SERVICES during RP1;

(t) CURRENT TARIFF: the average tariff paid by USERS to SABESP based on the MEASURED VOLUME and the tariff table defined by ARSESP in ARSESP Resolution 1,514/2024, valid from May 2024 to the EFFECTIVE DATE;

(u) MEASURED VOLUME: a joint reference to the annual water volume measured from the water meters installed in the active water CONNECTIONS and the annual sewage volume collected, recorded in cubic meters (m^3);

(v) BILLED VOLUME or FUTURE MARKET: the annual water and sewage volume considered for calculating consumer bills, recorded in cubic meters (m^3). The billed volume may be different from the MEASURED VOLUME due to measuring errors or the impossibility of hydrometry, which requires us to use an estimated volume for the UNITS, or a minimum consumption for billing purposes.

3. Chapter 3 - Methodology for Calculating the INITIAL EQUILIBRIUM TARIFF

3.1. The calculation of the average INITIAL TARIFF adopts a backward-looking approach, which observes market data, investments and costs related to RP0.


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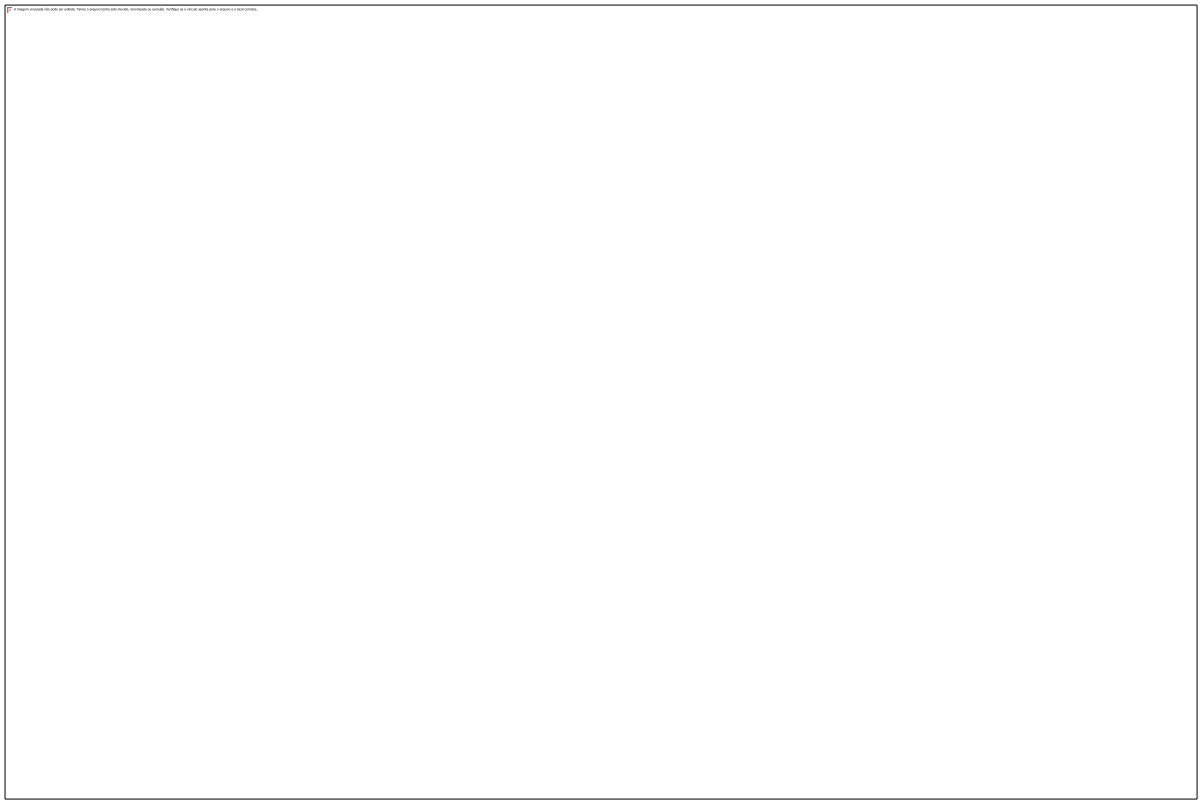


3.4. The BASE TARIFF REVENUE 1 (TR1), calculated according to item3.3, is increased by the FINANCIAL COMPONENTS of the TARIFF ADJUSTMENT in 2024 to calculate the INITIAL
TARIFF. The calculation of these components is described in Chapter 12. The FINANCIAL COMPONENTS (FC), recorded in R$/m3, will consider the estimated market between the EFFECTIVE DATE and December 2025.

3.5. The INITIAL TARIFF, as well as all monetary components of TR1, are at June 2024 prices. The latest IPCA available up to the date of CONTRACT EFFECTIVENESS is the index used in the monetary restatements for the INITIAL TARIFF.

4. Chapter 4 - Calculation of the TR1: K Factor Revenue

4.1. As provided in article 11 of SABESP's Tariff System Regulation, approved by State Decree 41,446/1996, SABESP may establish fixed prices and specific conditions for sewage monitoring, collection and treatment services.

4.2. In the REGULATION, services associated with non-residential effluents are subject to the application of the K FACTOR, which

corresponds to a metric that estimates the pollutant load, toxicity and flow rate of the discharge of non-residential sewage into the Company's network.

4.2.1. Therefore, the K FACTOR is applied to sewage rates only for non-residential USERS who discharge their effluents into the public network.

4.2.2. The K FACTOR values vary according to (1) how the sewage is released into the network, which can be done directly into the collection network or through vehicles that transport the discharge the effluents at SABESP's receiving stations, and (2) the line of business or industry that originated the effluent.

4.3. Since infrastructure SERVICES are shared, investments and expenses for the collection and treatment of these effluents are covered by the USERS through the TARIFFS. Therefore, SABESP's ADDITIONAL REVENUES originated from the increase in the K FACTOR charged to non-residential USERS who have non-residential effluents that are collected and treated by the sewage system are fully reverted to the tariff affordability in the P0 calculation.

4.4. To calculate the initial P0, given the different values of the K FACTOR due to sectors and how sewage is released into the network, a single index is defined for all industrial and commercial sectors, which varies only by Business Unit.

4.4.1. The K FACTOR per Business Unit is estimated based on the historical billed consumption to non-residential USERS who pay K FACTOR, considering the tariff table in effect in December 2023. Corresponds to the proportion of FACTOR K revenue in relation to non-residential tariff revenue for the sewage service in RP0, both of which are calculated based on the tariff table effective in December 2023.

4.4.2. The indexes of each SABESP Business Unit considered in the calculation of the K FACTOR revenue are presented in the table below:

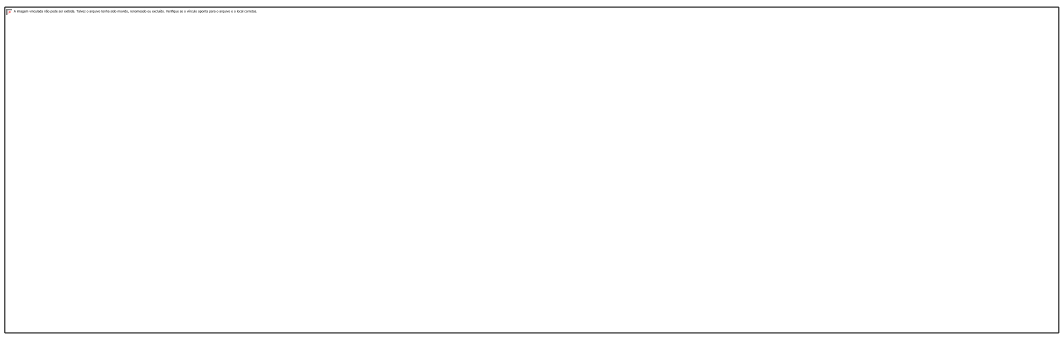
Table 1 - K Factor revenue index for non-residential users

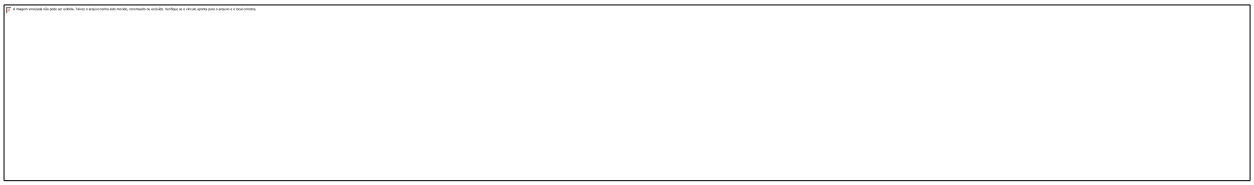
Business Unit	K Factor
MC	0.8%
ML	5.5%
MN	1.1%
MO	3.6%
MS	4.9%
RA	14.9%
RB	31.2%

RG	8.4%
RJ	9.3%
RM	16.5%
RN	10.1%
RR	9.1%
RS	10.7%
RT	7.4%
RV	10.3%
M (São Paulo)	4.9%

4.5. To calculate the average INITIAL TARIFF, the total K FACTOR revenue in RP0 is reached by the sum of the K FACTOR revenue of each municipality listed in ANNEX I – MUNICIPALITIES SERVED. The total K FACTOR revenue in PR0 for these municipalities will be shared among USERS.

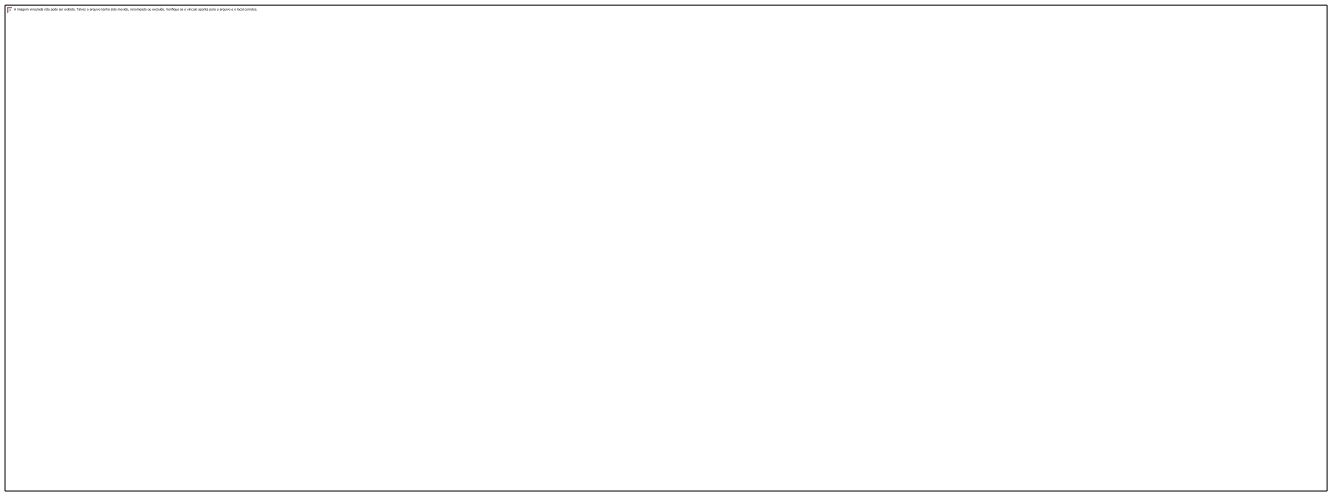
4.6. The K FACTOR revenue of each MUNICIPALITY is calculated by multiplying the index of its respective Business Unit listed in Table 1 and the SEWAGE TARIFF REVENUE of the non-residential users in RP0, according to the equation below:





4.7. K FACTOR revenues, in the amount of R$ 234.16 million, reduce the REQUIRED REVENUE for calculating TR1, at June 2024 prices.

5. Chapter 5 - Calculation of ADDITIONAL REVENUES, SUPPLMENETAL REVENUES and Revenues from ASSOCIATED PROJECTS



5.3. The total amount of revenue from ASSOCIATED PROJECTS considered in the P0 calculation corresponds to R$ 16.27 million.

5.4. In the INITIAL TARIFF calculation, the amounts of ADDITIONAL REVENUES and SUPPLEMENTAL REVENUES, in the amounts of R$ 66.47 million and R$ 84.49 million, respectively, which will be shared with users are reduced from the REQUIRED REVENUE amount.

5.5. Only the amount of ADDITIONAL REVENUE defined in item 5.3 will remain in fixed, in actual values, in the tariff revenue calculation for the ANNUAL ADJUSTMENTS of the 1st TARIFF CYCLE until the date of the 1st PERIODIC TARIFF REVIEW, to be carried out in 2029, from when the sharing rule provided for in ANNEX V - REGULATORY MODEL will come into effect.

Table 2 - Historical ADDITIONAL REVENUES, SUPPLEMENTAL REVENUES, and revenues from ASSOCIATED PROJECTS (in R$ million)

Year	Revenues from Ancillary Activities	Revenues from Associated Projects	Supplemental **Revenues**
2021	R$ 62.15	R$ 16.60	-
2022	R$ 58.72	R$ 21.84	-
2023	R$ 29.70	R$ 10.38	**R$ 84.49**

Average SABESP (additional revenues)	**R$ 66.47**	**-**

6. Chapter 6 - Calculation of RR: UNRECOVERABLE REVENUES

6.1. To define the amount of UNRECOVERABLE REVENUES, which comprise the RR in the P0 calculation, we assess the aging curve of SABESP's debt.

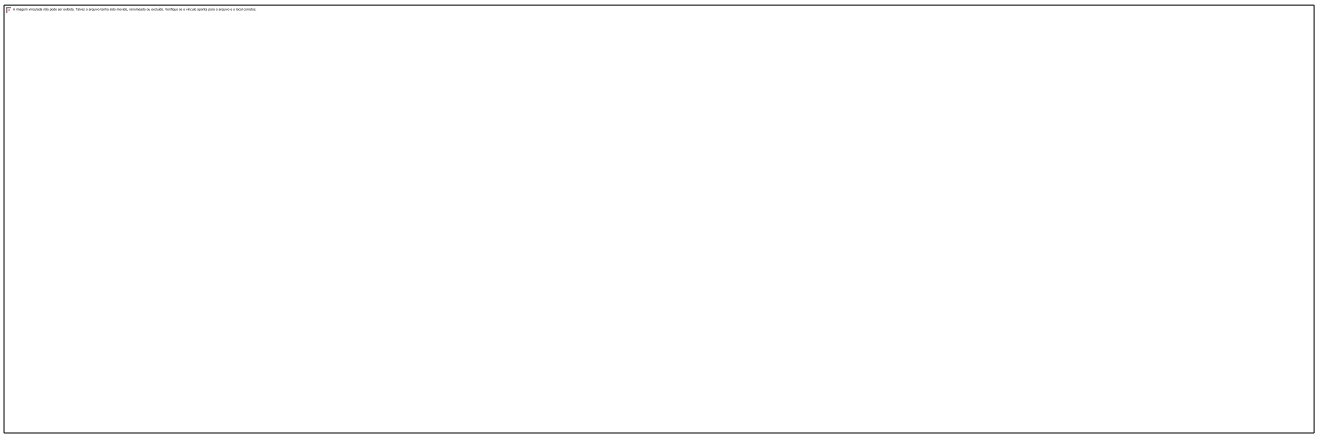
6.1.1. The regulatory target for UNRECOVERABLE REVENUE is determined according to the historical behavior of the verified payment flow for SABESP's billed invoices in a 60-month period, from January 2019 to December 2023.

6.1.2. The monthly non-receipt rate is equal to the ratio between monthly billings not paid and the total billed volume, considering the sum of invoice billed to SABESP's residential, industrial, commercial, public and government-controlled categories from January 2019 to December 2023.

6.1.3. In the 60-month period, the stabilizing point for the monthly non-receipt index curve occurs from 52nd month (Oct/2019) and the 56th month (June/2019). The average monthly non-receipt rate was 1.65% in this period.

6.2. To encourage efficiency gains and reduce defaults in SABESP's operating area, the default percentage adopted in the P0 calculation, and to be used in the ANNUAL ADJUSTMENTS for the 1st TARIFF CYCLE, will be 1.65%. This percentage will remain fixed until the following tariff review cycle in 2029, when the methodology established in ANNEX V - REGULATORY MODEL will come into effect.

6.3. The amount of UNRECOVERABLE REVENUES used in the average INITIAL TARIFF (P0) calculation is reached by applying the default rate defined in item 6.1 over the BASE TARIFF REVENUE in RP1 (TR1), as described in the following equation:



6.3.2. The amount of UNRECOVERABLE REVENUES used in the average INITIAL TARIFF calculation is R$ 369.95 million, at June 2024 prices.

7. Chapter 7 - Calculation of RR: Operating Expenses (OPEX)

7.1. Operating costs include expenses with personnel, third-party services, treatment material and general supplies, electricity, as well as other general expenses related to SABESP's activity; These costs are called OPEX.

7.2. For the purpose of calculating the REQUIRED REVENUE, the OPEX amount is reached by multiplying the cost drivers recorded in RP0 (2023) by the regulatory unit cost by the cost purpose and production stage, as defined in item 7.5.

7.2.1. When determining the operating costs covered by this chapter, the components relating to municipalities that have not joined URAE-1 must be segregated, so that only the OPEX of the municipalities indicated in ANNEX I – MUNICIPALITIES SERVED is included.

7.2.2. The division of operational costs, for infrastructure sharing with a municipality that has not joined URAE-1, shall follow the rules established in the ARSESP resolution.

7.2.3. Cost purposes are (1) personnel, including own and third-party services; (2) general materials; (3) treatment materials; (4) electricity and (5) general expenses;

7.2.4. The production stages are (1) water production; (2) water distribution; (3) sewage collection; (4) sewage treatment; (5) commercial activities; and (6) central management:

(i) adding the operating costs for stages (1) and (2) will correspond to the OPEX of the water service;

(ii) adding the operating costs for stages (3) and (4) will correspond to the OPEX of the sewage service;

(iii) adding the operating costs for stages (5) and (6) will correspond to the overall OPEX.

7.3. In Table 3, the total OPEX considered in the INITIAL TARIFF refers only to operational and maintenance services carried out in urban areas of the municipalities. Due to the lack of SERVICES in dispersed rural in RP0, the rural OPEX is null for the purpose of calculating the INITIAL TARIFF. The values are at June 2024 prices.

Table 3 - OPEX used in the calculation of the INITIAL TARIFF (SABESP)

Operating Costs	Value (in million)
OPEX Water	R$ 4,489.50
OPEX Sewage	R$ 2,647.91
OPEX General	R$ 1,384.09
OPEX Rural Area	R$ 0
OPEX Total	**R$ 8,521.50**

7.4. Definition of the Cost Factors

7.4.1. The cost factors considered for calculating OPEX for P0 correspond to the ones listed in item 10.5.1 of ANNEX V – REGULATORY MODEL. Except for the water volume produced, data on the other factors that determine operating costs (active water connections, active sewage connections, water volume measured, collected volume, and treated sewage volume) refer to the data recorded in RP0 (2023). The values used to calculate the OPEX of the INITIAL TARIFF are shown in Table 8 of Appendix A of this ANNEX.

7.4.2. For the purpose of calculating OPEX for the INITIAL TARIFF, the amount of WATER VOLUME PRODUCED is calculated as the sum of the measured volume, the special usage volume, and the water loss volume, whose calculation considers the regulatory loss target to the detriment of the amounts actually recorded in RP0:

(i) the volume of contractual WATER LOSSES;

(ii) the water volume measured used in the calculation refers to the amounts recorded in RP0;

(iii) the SPECIAL USAGE VOLUME used in the calculation refers to the amounts recorded in RP0;

7.4.3. The value for cost factors are multiplied by the regulatory unit costs to calculate the total OPEX to be used in the REQUIRED REVENUE.

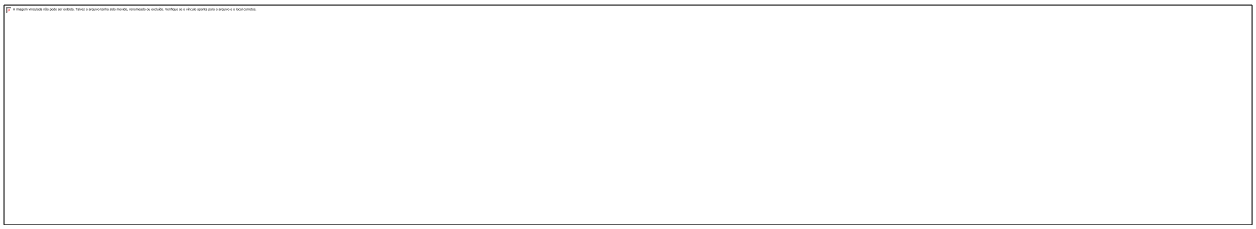
7.5. Definition of Regulatory Unit Costs

7.5.1. The regulatory unit operating cost is calculated for each combined stage and purpose, and represents the cost that, multiplied by the respective factors, results in the OPEX used for calculating the INITIAL TARIFF.

7.5.2. The regulatory unit cost of RP0 corresponds to the unit cost in 2022, after including the qualitative cost disallowances, for a portion of the Technical Efficiency Factor and the X FACTOR.

7.5.3. The regulatory unit operating cost, which will be the reference starting cost, used in the OPEX calculation for measuring the INITIAL TARIFF corresponds to the actual unit cost in 2022, after including the qualitative cost disallowances, deducted from an efficiency factor necessary for getting SABESP closer to the technical efficiency frontier. The unit operating cost is calculated according to the following equation:





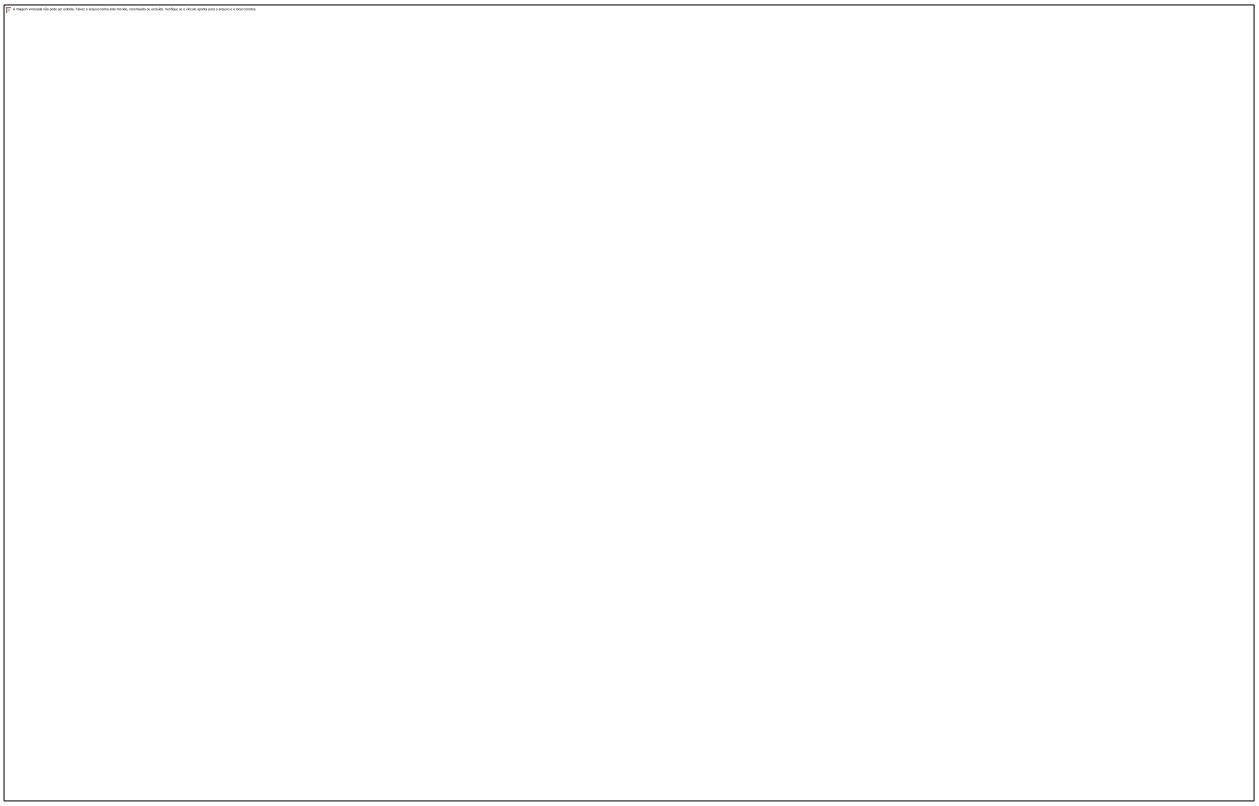
(i) When defining the reference unit costs, there are no double deductions, given that we verify if the qualitative cost disallowances do not surpass the TECHNICAL INEFFICIENCY INVENTORY estimated by the DEA benchmarking method (EF = 8.66%). Therefore, the cost reduction corresponds to the positive difference between the INEFFICIENCY STOCK measured by DEA and the average percentage of the qualitative cost disallowances;

(ii) As qualitative cost disallowances are applied according to cost purpose, the EF value for each purpose depends on its weight in the total cost composition, thus ensuring that the total starting regulatory cost is exactly 8.66% lower than the total actual cost.

7.5.4. Operating costs, in 2022, are used as a reference for calculating the regulatory unit cost of the INITIAL TARIFF. Actual unit cost refers to unit costs recorded from January to December 2022. Their valuesresult from the ratio between the total OPEX recorded, in 2022, for each cost purpose, after

qualitative cost disallowances, and the respective cost factor also recorded in 2022.

(i) All costs for the production stage have the volume of water produced as a determining factor. Therefore, the actual unit cost for all purposes of this stage is calculated according to the equation below:



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7.5.5. The TECHNICAL EFFICIENCY FACTOR - EF represents the cost reduction required to reduce SABESP's distance from the frontier. The EF used to calculate the OPEX of the INITIAL TARIFF equals to 8.66%, which corresponds to the Company's average TECHNICAL INEFFICIENCY INVENTORY recorded from 2019 to 2022, as described in the calculation methodology in item 7.7. As indicated in item 7.5.3, the actual starting unit cost is reduced by 8.66%, although a portion of this reduction results from qualitative cost disallowances.

7.5.6. In addition to the Technical Efficiency Factor, the X FACTOR is applied at a rate of 0.89% over the actual operating unit cost, after qualitative cost disallowances and incurring a portion of the EF. The methodology for calculating the X FACTOR used to determine the OPEX of P0, and to be applied by ARSESP in the ADJUSTMENTS of the 1st TARIFF CYCLE is described in item7.8.

7.5.7. Once the EF and the X FACTOR have been defined, and the actual unit cost of PR0 is calculated, the regulatory unit cost used to calculate the OPEX in the INITIAL TARIFF is shown by the amounts provided in Table 4.

Table 4 – Regulatory Unit Operating Costs for the 1st TARIFF CYCLE

Stage / Purpose	Water Production	Water Distribution	Sewage Collection	Sewage Treatment	Commercial Activities	Central Management
Personnel and Third-Party Services	R$ 0.42/m3	R$ 146.46/ connection	R$ 148.54/ connection	R$ 0.59/m3	R$ 79.76/ connection	R$ 37,210,464.64
General Supplies	R$ 0.04/m3	R$ 14.04/ connection	R$ 11.08/ connection	R$ 0.06/m3	R$ 0.82/ connection	R$ 191,485.40
Treatment Supplies	R$ 0.20/m3	R$ 0.00/m3	R$ 0.00 /m3	R$ 0.12/m3	R$ 0.00/ connection	R$ 30.05
Electricity	R$ 0.38/m3	R$ 0.19/m3	R$ 0.08/m3	R$ 0.19/m3	R$ 0.11/ connection	R$ 116,723.23
General Expenses	R$ 0.02/m3	R$ 10.15/ connection	R$ 9.63/ connection	R$ 0.02/m3	R$ 0.27/ connection	- R$ 256,974.43

7.5.8. The regulatory unit costs to be used by ARSESP as reference for calculating the annual OPEX based on the

ADJUSTMENTS of the 1st TARIFF CYCLE must be equal to the costs defined in item 6.5.7 of this ANNEX, subject only to monetary restatements by the IPCA price index and the sharing of efficiency gains through technological advancement.

7.6. Definition of Qualitative Cost Disallowances

7.6.1. To calculate the actual and regulatory unit cost, we adopt accounting information on total operating costs in 2022.

7.6.2. Since there are operating expenses incurred that should not be covered by the INITIAL TARIFF, some accounting accounts are excluded, or disallowed, from the total OPEX. These accounts do not have actual disbursements, are not related to SABESP's failure in complying with rules and laws, or are not essential

for providing SERVICES, which represent actions by the Company's management or are related to damage caused to third parties or the environment.

(i) The total OPEX recorded in 2022 is disallowed in accordance with the general criteria for glossing operating costs established in item 10.7 of ANNEX V – REGULATORY MODEL;

7.6.3. The description of the accounting entries excluded from SABESP's OPEX calculation, used as reference for determining the regulatory unit cost, is listed in Table 9 of Appendix A of this ANNEX.

7.7. Calculation of the Historical Efficiency Factor

7.7.1. Exceptionally for calculating the efficient operational cost of the INITIAL TARIFF and the costs of the 1st TARIFF CYCLE, the TECHNICAL EFFICIENCY is calculated through a non-parametric benchmarking approach: the Data Envelopment Analysis (DEA).

7.7.2. DEA estimates the EFFICIENCY FRONTIER, or minimum operating costs, of the sector based on mathematical programming. In this method, an efficiency score is calculated from the comparison between linear combinations of INPUTS and PRODUCTS from each service provider in the sample.

7.7.3. One of the model's output is the technical efficiency metric. The calculation of the TECHNICAL INEFFICIENCY INVENTORY for each service provider is done from the difference between 100% and the technical efficiency metric, therefore representing the distance in relation to the frontier. The TECHNICAL INEFFICIENCY INVENTORY is equal to zero for

service providers located on the EFFICIENCY FRONTIER and range from 0 and 1 for service providers whose recorded costs are above the frontier.

7.7.4. The technical efficiency metric of the DEA model is estimated from actual observations, in which each service provider was represented by the amounts of their average INPUTS and PRODUCTS over a four-year period (2018-2021).

7.7.5. To calculate SABESP's TECHNICAL INEFFICIENCY INVENTORY considered in the regulatory unit cost used for calculating the INITIAL TARIFF and the adjusted tariffs during the 1st TARIFF CYCLE, the following assumptions and specifications are adopted:

(i) Input-oriented model;

(ii) Non-decreasing returns to scale;

(iii) Input variables: operating expenses (DEX), deflated by the IPCA price index at December 2019 prices, and losses;

(iv) Product variables: active water and sewage connections, active water and sewage units, water volume measured, collected sewage volume, and treated sewage volume.

(v) Sample of SABESP's peer service providers: national providers of water and sewage services, with regional coverage. Based on this filtering, SABESP's peers include 25 service providers;

(vi) Adjustments are made to the final values of the efficiency metric to remove biases in the data through the bootstrap technique[1];

(vii) Technical efficiency outputs after adjustments for biases are normalized by the maximum efficiency level obtained through the bootstrap simulations.

7.7.6. The efficiency metrics obtained for each of the 25 sample service providers are presented in Table 10 of Appendix A of this ANNEX. Since SABESP's efficiency measure is 91.34%, its TECHNICAL INEFFICIENCY INVENTORY is 8.66%.

7.8. Calculating the X FACTOR

7.8.1. The X FACTOR adopted to calculate the P0 is 0.89% and must be applied cumulatively to the regulatory unit cost defined in this ANNEX during the ANNUAL ADJUSTMENTS of the 1st TARIFF CYCLE. This value is an output from the MALMQUIST INDEX approach, which compares, in two periods, the number

of INPUTS used by companies in the service providers sample to generate their PRODUCTS.

7.8.2. Although the Malmquist method can be broken down into two effects, namely: (i) change in productive efficiency (approaching or distancing from the cost frontier); and (ii) technological change (shift in cost efficiency frontier over time), the FACTOR X corresponds solely to the effect caused by technological changes, given that productive change is already captured by the EF.

7.8.3. To calculate the shift of the cost efficiency frontier that represents the estimated technological efficiency gains in the sector, the following is considered:

(i) The DEA methodology, with the same INPUTS, PRODUCTS and assumptions defined in item7.7 to measure the cost efficiency frontier in both time periods;

(ii) The shift in the EFFICIENCY FRONTIER from 2018 to 2021;

(iii) The average cost frontier shift effect for service providers in the sample, weighted by the average number of active water connections in the same period (2018 and 2021).

8. Chapter 8 - Calculation of RR: Other Operating Expenses

8.1. In addition to the operating costs described in Chapter 7, there are other indirect expenses that are passed on to the INITIAL TARIFF, since they are expenses that cannot be managed by SABESP. In the P0 calculation, the following expenses comprise the RR:

(i) payment of consideration in PR0 relating to the Alto Tietê Public-Private Partnership and São Lourenço Production System contracts;

(ii) payment of installments and other contractual obligations of current Asset Lease contracts (Água Limpa, Campos do Jordão, São José dos Campos and Franca (Sapucaí));

[1] Resampling method in which data extraction is done with replacement. The proposal by Simar and Wilson (1998) is used, which is the main reference in literature for resampling analyses linked to DEA.

(iii) transfer to MUNICIPAL FUNDS for basic sanitation;

(iv) transfer of fee payments regarding the use of water resources;

(v) transfers to the research, development, and innovation program (RDI).

8.2. In determining the other operating expenses addressed in this chapter, the components related to municipalities that did not join the

URAE-1 must be segregated, so that only the expenses of the municipalities listed in ANNEX I are considered.

8.3. The division of operating expenses, in cases of infrastructure sharing with municipalities not part of URAE-1, shall follow the rules outlined in ARSESP's resolution.

8.4. The REGULATION AND INSPECTION FEE is not included in the RR calculation for the purpose of calculating P0. Its value must be charged by SABESP directly to the USERS' account.

8.5. Taxes related to the Social Integration Program (PIS) and the Contribution for the Financing of Social Security (COFINS) are not included in the TARIFF REVENUE calculation and are applied directly to the tariff table. The effective PIS/COFINS rate incurred in the INITIAL TARRIF is 6.903%.

8.6. Public-Private Partnership Contracts

8.6.1. Considers the amounts actually paid by SABESP during PR0 (2023) relating to the contracts for the Alto Tietê Public-Private Partnership and São Lourenço Production System.

8.6.2. For the RR, the value of Public-Private Partnerships is the output of the sum of the amounts paid by SABESP in PR0 referring to the 2 (two) Public-Private Partnership projects.

8.6.3. The amount referred to in the previous subitem includes the calculation of the average INITIAL TARIFF, of R$ 689.28 million, at June 2024 prices.

8.7. Asset Lease Contracts

8.7.1. Considers the amounts actually paid by SABESP during PR0 (2023) relating to asset lease contracts in force until December 2023 in the municipalities of Água Limpa, Campos do Jordão, São José dos Campos and Franca (Sapucaí).

8.7.2. For the RR, the value of asset lease contracts is the output of the sum of the amounts paid by SABESP in PR0 referring to the 4 (two) asset lease contracts.

8.7.3. The amount referred to in the previous subitem includes the calculation of the average INITIAL TARIFF, of R$ 102.89 million, at June 2024 prices.

8.8. Transfers to MUNICIPAL FUNDS:

8.8.1. MUNICIPAL FUNDS were authorized by Federal Law 11,445/2007 (article 13), aimed at promoting funds to contribute to the universalization of SERVICES.

8.8.2. The calculation of the amount of transfer to MUNICIPAL FUNDS for determining the RR, for the purposes of calculating the INITIAL TARIFF, considers the following:

(a) The percentage of transfer from the municipality provided for in ANNEX II – TECHNICAL ANNEX of each municipality is applied to its Tariff Revenue recorded in PR0, thus obtaining the transfer amount per municipality;

(b) To this, we add the total transferred amount in PR0, for the purpose of determining the final transfer amount.

8.8.3. These revenues are calculated iteratively, as their amount simultaneously comprise the RR of the RP0 and is used in its measurement.

8.8.4. The transfer amount to MUNICIPAL FUNDS in RP0 totaled R$ 607.05 million, at June 2024 prices.

8.8.5. For the purpose of determining the INITIAL TARIFF, the transfer amount to the MUNICIPAL FUNDS indicated in item 8.8.4 also includes funds that are not yet authorized by ARSESP on the EFFECTIVE DATE and excludes the portion of funds that have been ANTICIPATED.

8.8.6. The portion related to transfers to MUNICIPAL FUNDS that have not been approved by ARSESP by the EFFECTIVE DATE shall be considered a credit in favor of USERS, to be recorded in the LINKED ACCOUNT, whose operation is regulated in Appendix A of ANNEX V – REGULATORY MODEL.

8.9. Payment of fees for the use of water resources:

8.9.1. Considering that fee collection was instituted by article 5, item V, of Federal Law 9,433/1997, and that all the Hydrographic Basin Committees of the State of São Paulo have already instituted this collection for the use of water resources, making this an expense that cannot be managed by SABESP, the payment for the use of water resources adopted in the INITIAL TARIFF calculation corresponds to the amount actually spent by SABESP in RP0.

8.9.2. The amount considered for the RR calculation in RP0 is R$ 96.26 million, at June 2024 prices.

8.10. Transfers to the research, development, and innovation program (RDI):

8.10.1. The percentage defined by ARSESP Resolution 920, of November 22, 2019, is maintained, in the amount of 0.05% (zero point five percent) of SABESP's REQUIRED REVENUE (RR), to be allocated to the research, development, and innovation program (RDI), applied SABESP's direct RR using the following equation:

$$RDI = 0.05\% \times RR$$

8.10.2. The calculation of the transfer to RDI programs is carried out iteratively, given that its amount simultaneously comprises the RR of the RP0 and is used in its measurement.

8.10.3. The amount transferred to RDI programs considered in the calculation of the INITIAL TARIFF is R$ 11.40 million, at June 2024 prices.

8.10.4. The 0.05% percentage shall remain fixed during the ANNUAL ADJUSTMENTS during the 1st TARIFF CYCLE.

9. Chapter 9 - Calculation of RR: Capital Reinstatement

9.1. Capital reinstatement is considered as a component of the RR calculation in RP0. Its metric corresponds to the amount transferred to the INITIAL TARRIF seeking to restore the assets used to provide the SERVICES during its useful life.

9.2. The investment amounts to be reinstated into RP0 corresponds to the outcome from multiplying RABgross and RRQ, based on the following equations:



9.3. The RABgross used to calculate the Capital Reinstatement considers the assumptions described below.

9.3.1. For the purpose of calculating the capital reinstatement, the RABgross corresponds to the INITIAL Gross RAB and the FINAL RABgross for December 2022 and December 2023, respectively.

9.3.2. The FINAL RABgross is the outcome of the sum of the gross amounts for the incremental asset bases (with fixed assets

from June 2019 to December 2023) and the shielded base (corresponding to the RAB of SABESP's 3rd Ordinary Tariff Review), minus utilization rates and asset write-offs.

9.3.3. When determining the INITIAL and FINAL RABgross, components related to municipalities not participating in URAE-1 must be segregated, so that only the asset base owned by the municipalities indicated in Annex I – MUNICIPALITIES SERVED are considered.

9.3.4. Asset ownership in cases of infrastructure sharing with municipalities not part of URAE-1, shall be determined according to the rules established in ARSESP's resolution.

9.3.5. The changes in RABgross considered the rules of ARSESP Resolution 941, of December 13, 2019. Therefore, the assets of the incremental base were valued through the Original Book Value (OBV) method or the New Replacement Value (NRV) for fixed assets in new municipalities that began to be operated by SABESP.

9.3.6. The RABgross amount used to calculate the INITIAL TARRIF excludes assets under PPP and asset lease contracts.

9.3.7. According to accounting information provided by SABESP, the FINAL RABgross, in December 2023, is estimated at R$ 141,030.07 million and the INITIAL RABgross, in December 2022, is R$ 134,055.07 million, resulting in an average RABgross of R$ 137,542.57 million, at June 2024 prices.

9.3.8. Due to the use of SABESP's data for the gross Asset Base adopted in the INITIAL TARIFF calculation, a compensatory adjustment may be made, either higher or lower, to the TARIFF of the 1st TARIFF ADJUSTMENT due to any discrepancies between the accounting value of the RABgross and the ASSET EVALUATION REPORT, as provided for in Chapter 14.

9.3.9. The RABgross used in the INITIAL TARIFF calculation may only be shielded in the 1st TARIFF ADJUSTMENT, in 2025, after approval and validation of the ASSET EVALUATION REPORT by ARSESP.

9.3.10. The useful life is 47.59 years and represents the average physical useful life of the shielded and incremental asset bases until December 2023, considering the average technical useful lives of the LINKED ASSETS per Asset Unit, defined in ARSESP Resolution 941, of December 13, 2019. This average is weighted by the valuesof the respective assets.

9.3.11. With the Useful Life (UL) being 47.59 years, the RRQ of the Asset Base equals 2.10% and, therefore, the amount to be reinstated into the INITIAL TARIFF referring to the Asset Base is R$ 2,890.12 million, at June 2024 prices.

9.4. The calculation for the gross COMPENSATION amount for the Capital Reinstatement considers the assumptions described below.

9.4.1. The total COMPENSATION amount for flooded areas is R$ 137.6 million, at June 2024 prices, corresponding to 0.8% of the revenue of the Metropolitan Region of São Paulo in 2023, estimated at R$ 17.2 billion (in Dec/2023), distributed among 15 municipalities according to the area (in km^2), as shown in Table 6 of Appendix A of this ANNEX.

9.4.2. The INITIAL TARIFF will fully cover the COMPENSATION for flooded areas pursuant to ANNEX II – TECHNICAL ANNEXES, whose value must be fully reinstated into the tariffs until the advent of this CONTRACT, in 2060.

9.4.3. Considering that the total COMPENSATION amount is paid by SABESP, in 2024, and this amount will only be depreciated after its payment, there is no portion to be reinstated in the INITIAL TARIFF referring to COMPENSATION for flooded areas.

9.5. The calculation of the gross value of the ANTICIPATED portion of the MUNICIPAL FUNDS for Reinstatement of capital considers the assumptions described below.

9.5.1. The total ANTICIPATED amount is R$ 2,590.50 million, at June 2024 prices. This amount represents the sum of the anticipated amounts, as shown in ANNEX II – TECHNICAL ANNEX.

A maioria vivenciada não pode ser exibida. Talvez o arquivo-fonte não more, sincronizado ou excluído. Verifique se o VPLAN aberto para o arquivo e a nuvem correta.

(i) The average monthly return of the Standard & Poor's 500 (S&P500) index, which includes the 500 largest companies listed on the stock exchanges of the United States of America;

(ii) Monthly data;

(iii) A 30-year time frame. Includes data from January 1994 to January 2023;

(iv) The average of the monthly values as a measure of central tendency.

10.3.4. Due to the limited number of Brazilian companies listed on the Stock Exchange and given that SABESP has shares traded on the New York Stock Exchange (NYSE) and NASDAQ, companies traded on the over-the-counter market were excluded from the sample, the beta parameter,β , is referenced in the international market, considering:

(i) A sample of 11 companies in the US water distribution sector listed on the NYSE and NASDAQ. The list of companies used for calculating beta is presented in

(ii) Table **6 – Municipalities that will receive Compensation for flooded areas**

Municipality	Area (km2)
Biritiba Mirim	13.66
Bragança	13.43
Caieiras	0.13
Cotia	3.95
Embu Guaçu	0.76
Franco da Rocha	1.47
Itapecerica	0.90
Joanópolis	7.00
Mairiporã	5.35
Nazaré Pta	22.94
Piracaia	25.84
Salesópolis	29.1
São Paulo	27.75
Suzano	11.96
Vargem	13.64

(iii) **Table 72**

(iii) Table 12 of Appendix A of this ANNEX;

(iv) The beta measurement, obtained from the Bloomberg Professional platform, for each of the companies in the sample;

(v) The average of the weekly beta over a 5-year time frame. Includes data from January 2018 to January 2022;

10.3.5. The CPI, the United States inflation rate, considers:

(i) The price indexes Consumer Price Index for All Urban Consumers: All Items in U.S. City Average (CPI);

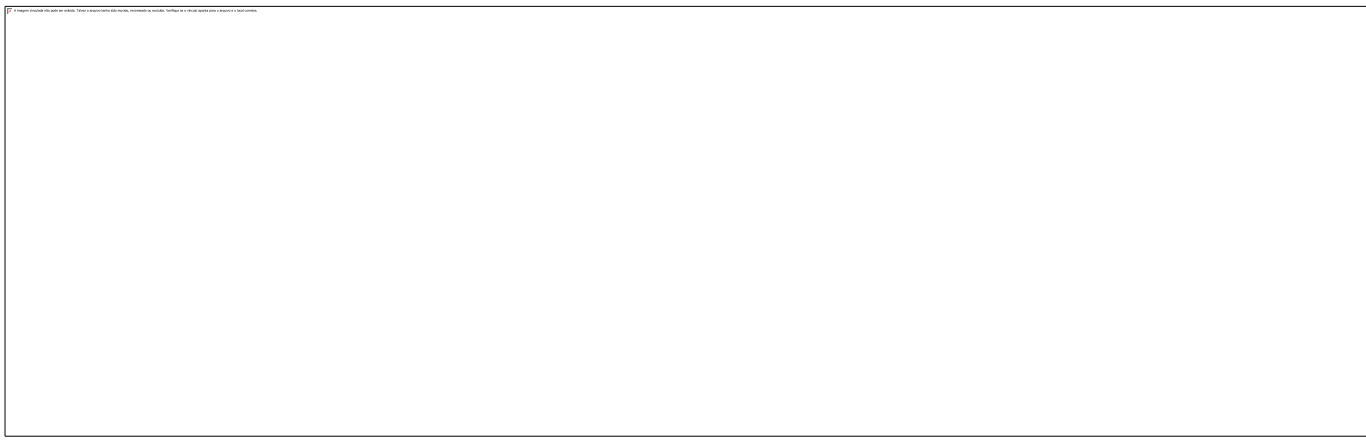
(ii) Monthly data;

(iii) A 30-year time frame. Includes data from January 1994 to January 2024;

(iv) The average of the monthly values as a measure of central tendency.

10.4. To calculate the cost of third-party capital, we adopt the Financial Benchmarking approach, referenced in the Brazilian market, using the following equation:





10.6.1. Considers the rates of 25% for Income Tax and 9% for CSLL, totaling 34%.

10.7. The pre-tax WACC adopted to calculate the return on capital is 11.91%, as demonstrated in Table 5. This value is used to determine the INITIAL TARIFF and must be kept constant in the annual ADJUSTMENTS of the 1st TARIFF CYCLE.

Table 5 - WACC

Parameters	Values
Actual Cost of Equity	8.84%
Risk-Free Rate	3.84%
Unlevered Beta	0.61
Re-levered Beta	0.73
Market Risk Premium (MRP)	7.17%
Market risk	11.01%
Risk-Free Rate for MRP	3.84%
Country Risk Premium	2.52%
USA inflation	2.53%
Actual Cost of Third-Party Capital before Taxes	7.13%
Return of Debentures	6.61%
Issue cost	0.52%
Actual Cost of Third-Party Capital after Taxes	4.71%
Equity Share	76.38%
Third-Party Capital Share	23.62%
Actual WACC after Taxes	7.86%
Actual WACC before Taxes	**11.91%**

11. Chapter 11 - Calculation of RR: Capital Remuneration

11.1. Capital remuneration is considered as a component of the cost of capital calculation, including for the REQUIRED REVENUE calculation. Its value results from the application of the WACC on the Regulatory Remuneration Base, which corresponds to the RABnet and the COMPENSATION and ANTICIPATED amounts not yet depreciations, plus the Working Capital Requirement (WCR), using the equation shown in item 8.1 of Chapter 8 of ANNEX V – REGULATORY MODEL.

11.2. For the purpose of calculating the capital remuneration, the RABnet corresponds to simple average of the INITIAL and FINAL RABnet values.

11.3. The RABnet used to calculate the Capital Reinstatement considers the assumptions described below.

11.3.1. For the purpose of calculating the capital reinstatement, the RABnet corresponds to the simple average between the INITIAL and FINAL RABnet for December 2022 and December 2023 (RP0), respectively.

11.3.2. The FINAL RABnet results from the FINAL RABgross, as described in item 9.3, deducted from the accumulated deprecation.

11.3.3. The RABnet calculation considered the rules of ARSESP Resolution 941, of December 13, 2019. As for the gross base, the assets of the net base were valued through the Original Book Value (OBV) method or the New Replacement Value (NRV) for fixed assets in new municipalities that began to be operated by SABESP.

11.3.4. According to accounting information provided by SABESP, the FINAL RABnet, in December 2023, is estimated at R$ 78,704.89 million and the INITIAL RABnet, in December 2022, is R$ 74,646.97 million, resulting in an average RABnet of R$ 76,675.93 million, at June 2024 prices.

11.3.5. Due to the use of SABESP's data for the gross Asset Base adopted in the INITIAL TARIFF calculation, a compensatory adjustment may be made, either higher or lower, to the TARIFF of the 1st TARIFF ADJUSTMENT due to any discrepancies between the accounting value of the RABnet and the ASSET EVALUATION REPORT, as provided for in Chapter 14.

11.3.6. The RABnet used in the INITIAL TARIFF calculation may only be shielded in the 1st TARIFF ADJUSTMENT, in 2025, after approval and validation of the ASSET EVALUATION REPORT by ARSESP.

11.4. The calculation for the remuneration of the COMPENSATION amount considers the assumptions described below.

11.4.1. When calculating the INITIAL TARIFF, the full amount of the COMPENSATION for flooded areas is paid, since there is no depreciation of this amount in 2024, as provided for in item 9.4 of this ANNEX.

11.4.2. The total COMPENSATION amount for flooded areas is R$ 137.60 million, at June 2024 prices, remunerated by a WACC

of 11.91%, totaling R$ 16.39 million covered by the INITIAL TARIFF.

11.5. The calculation for the remuneration of the ANTICIPATED portion of the MUNICIPAL FUNDS considers the assumptions described below.

11.5.1. When calculating the INITIAL TARIFF, the full amount of the COMPENSATION is remunerated, since there is no depreciation of this amount in 2024, as provided for in item 9.5 of this ANNEX.

11.5.2. The total ANTICIPATED amount is R$ 2,590.50 million, at June 2024 prices, remunerated by a WACC of 11.91%, totaling R$ 308.55 million covered by the INITIAL TARIFF.

11.6. The WCR is determined as a portion of the TARIFF REVENUE (TR1), defined by the percentage of the total WCR, based on the accounting balance sheets of RP0, according to the methodology defined in Chapter 8 of ANNEX V – REGULATORY MODEL.

11.6.1. To calculate the cash needed for working capital, we consider a 30-day period as the average period for receipts and payments. The inventories line comprises supplies for consumption and maintenance of the water and sewage systems. Does not include inventory of construction materials.

11.6.2. The total WCR percentage, adopted in the P0 calculation to be used in the ANNUAL ADJUSTMENTS for the 1st TARIFF CYCLE, is 0.27%, as shown in Table 7.

Table 7 – Percentage of total WCR to be applied to TR1

Parameters	Values	Calculation
1- Returns from short-term investments (R$)	373,739	Account information in the balance sheet
2- Cash and cash equivalents (R$)	838,338	Account information in the balance sheet
3- Financial investments (R$)	2,425,921	Account information in the balance sheet
4- Average return	11.45%	1/(2+3)
5- IPCA (Extended Consumer Price Index)	4.62%	Index Dec-23/Dec-22
6- Actual average return	6.83%	Average return - IPCA
7- Direct Operating Revenue (R$)	21,509,965	Account information in the balance sheet
8- Average receipt period (ARP) (days)	30	-
9- Customers (R$)	1,792,497	Revenue x ARP/360
10- Operating Expenses (R$)	10,364,900	Account information in the balance sheet
11- Average payment period (APP) (days)	30	-
12 - Operating Liabilities (R$)	863,742	Operating Expenses x APP/360
13- Cash for working capital needs (R$)	928,755	Customers - Operating Liabilities

14- Cash for working capital needs (%)	4.32%	Cash for working capital needs/direct operating revenue
15- Inventories (R$)	85,953	Account information in the balance sheet
16- Inventories (%)	0.40%	Inventory/direct operating revenue
17- % WCR	**4.72%**	(Cash for working capital needs + inventory)/direct operating revenue
Remuneration on total WCR (%)	**0.27%**	**Cash for working capital needs % x (WACC – average actual return) + inventory x WACC**

11.6.3. The total WCR is calculated iteratively, as its amount simultaneously comprises the TR1 of the RP0 and is used in its measurement.

11.6.4. The WCR amount used in the average INITIAL TARIFF calculation is R$ 60.50 million, resulting from the application of the total WCR % defined in item 11.6.2 over the BASE TARIFF REVENUE (TR1).

11.7. Total remuneration on capital is equal to R$ 9,518.04 million, at June 2024 prices.

12. Chapter 12 - Calculation of the Financial Components

12.1. In the regulatory model adopted by ARSESP for SABESP's 3rd OTR approved by ARSESP Resolution 1,150, of April 8, 2021, it was foreseen that retroactive compensations may occur in annual adjustments, of transitory nature in the tariff composition. These compensations are called FINANCIAL COMPONENTS (FC) in this ANNEX.

12.2. Despite the transitory nature of FINANCIAL COMPONENTS in the TARIFF, the definition of a tariff under annual adjustment assumes reimbursement in favor of users or SABESP during the 12 months of its application. Therefore, the 2024 tariff adjustment approved by ARSESP Resolution 1,514, of April 8, 2024, prior to the TRANSACTION was calculated in a way that the amounts of the FINANCIAL COMPONENTS were reimbursed within the 12 months in which the application tariff was in effect.

12.3. The application tariff approved by ARSESP Resolution 1,514, of April 8, 2024, prior to the TRANSACTION, shall be effective between May 2024 and the EFFECTIVE DATE, which corresponds to a period shorter than the 12 months expected for reimbursement of the financial components of the 2024 tariff adjustment.

12.4. Given that some of the FINANCIAL COMPONENTS defined by ARSESP in the SABESP's 2024 tariff adjustment prior to its PRIVATIZATION constitute a right for the company or the user,

regardless of the early termination of the last tariff cycle, and the INITIAL TARIFF (P0) covers the remaining portion of these components.

12.5. The financial components of the last tariff adjustment approved by ARSESP prior to the TRANSACTION, and which will be considered in the INITIAL TARIFF, are listed in the Table below:

FC considered in the INITIAL TARIFF	Monetary Amounts included in the INITIAL TARIFF (at June 2024 prices)
Incorrect calculation of PIS/COFINS	+ R$ 0.015/m3
Temporary tariff exemption in the Municipality of São Sebastião due to calamity	+ R$ 0.000/m3
Reversal of deductions relating to revenues from Commercial Programs for the years 2021, 2022 and 2023	+ R$ 0.060/m3
Review of re-invoiced revenue amounts used to calculate the adjustment to the revenue ceiling in 2022	+ R$ 0.013/m3
Reversal of the tariff affordability for compensatory adjustments from the anticipated deduction of the K Factor	- R$ 0.036/m3
Subtotal	**R$ 0.054/m3**
Application of the 2023 General Quality Index (GQI) of +0.072% on the average base tariff of R$ 6.26/m3	+ R$ 0.005/m3
TOTAL FC in the INITIAL TARIFF	**R$ 0.058/m3**

12.6. The total remaining portion of the FC indicated in item 12.5, which was not paid in the 2024 adjustment tariffs approved by ARSESP until the EFFECTIVE DATE, will be

recovered through the INITIAL TARIFF between the EFFECTIVE DATE and December 2025, when the 1st TARIFF ADJUSTMENT will occur after the TRANSACTION comes into effect.

12.7. The remaining portion of the FC approved by ARSESP prior to the TRANSACTION coming into effect will be in monetary terms, considering:

12.8. The period in which the 2024 readjustment tariff approved by ARSESP will come into effect;

12.9. The period in which the application tariff for the 2024 adjustment approved by ARSESP will cease to be in force, considering that its validity should only end in April 2025. This period corresponds to the total number of months between the EFFECTIVE DATE, when the INITIAL TARIFF will come into effect, and April 2025;

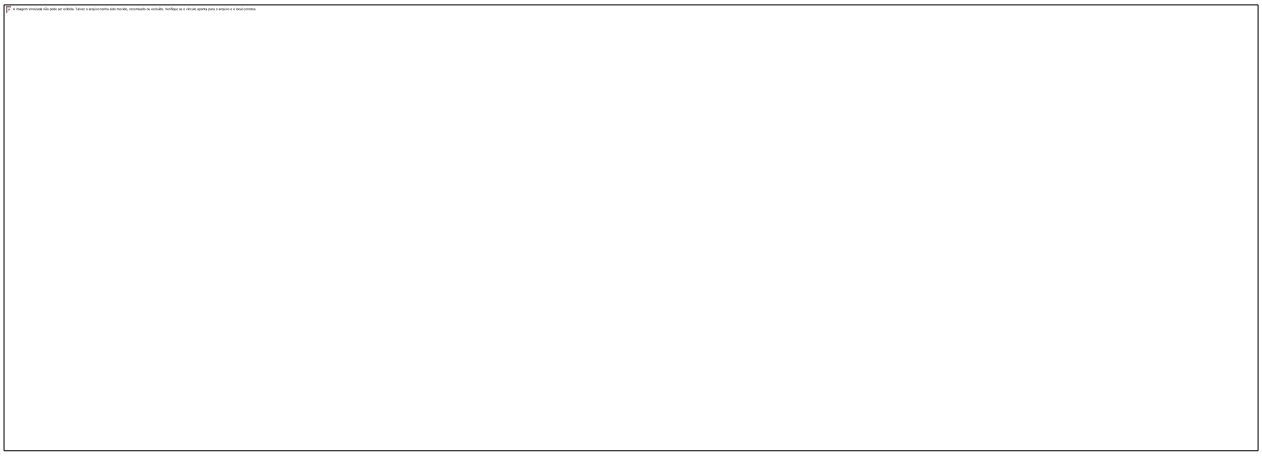
12.10. The period in which the INITIAL TARIFF shall come into effect, which corresponds to the total number of months between December 2025 and the EFFECTIVE DATE.

12.11. The FINANCIAL COMPONENTS considered in the INITIAL TARIFF calculation is R$ 0.058/m³, at June 2024 prices.

13. Chapter 13 - Calculation of TRepI

13.1. The Tariff Repositioning Index (TRepI) indicates the average variation in TARIFF. Since there is no change in the current tariff structure, this variation is equal to the TRepI for all SERVICES, user categories and consumption ranges.

13.2. The TRepI is defined based on the average INITIAL TARIFF (P0) and is applied to the CURRENT TARIFF to determine the INITIAL TARIFF per municipality and the APPLICATION TARIFF. The calculation is based on the following equation:



$$P$$

13.3. The current average P0 for SABESP's water and sewage is calculated according to the following steps:

a. The starting point is the average P0 per municipality listed in ANNEX I, defined according to the 2023 tariff table approved by ARSESP Resolution 1,395, of April 6, 2023 and on the historical consumption for the REFERENCE PERIOD of each municipality. It is assumed that the 2023 tariff schedule was in effect from January to December 2023;

b. The average P0 per municipality is adjusted by the Tariff Repositioning Index (TRI) approved by ARSESP Resolution 1,514, of April 8, 2024, in the percentage of 6.4469%;

c. The average P0 per municipality adjusted by the TRI of the 2024 adjustment is multiplied by the MEASURED VOLUMES of the REFERENCE PERIOD (2023) to obtain the average revenues of the municipalities which, when summed, result

in SABESP's TR0, in the amount of R$ 23,625.90 million, at June 2024 prices;

d. The TR0 calculated in the previous item is divided by the total MEASURED VOLUME of 2023, in the amount of 3.572 billion m3, resulting in the current average P0 of R$ 6.6148/m3.

13.4. Considering TR1, of R$ 22,421.38 million, and TR0, of R$ 23,625.90 million, the TRepI is -4.2167%. This percentage is applied to the CURRENT TARIFF to form the initial EQUILIBRIUM TARIFF for each municipality listed in ANNEX I – MUNICIPALITIES SERVED.

13.5. To calculate the INITIAL APPLICATION TARIFF, an adjusted average TRepI of -1.00% will be considered, as determined by the Government of the State of São Paulo.

13.5.1. The TRepI will be applied to the CURRENT TARIFF of each municipality listed in ANNEX I – MUNICIPALITIES SERVED for the INITIAL APPLICATION TARIFF.

13.5.2. Since revenue for the EFFECTIVE MARKET of RP1 with the INITIAL APPLICATION TARIFF will be different than the revenue with the INITIAL TARIFF, SABESP must record the difference in revenue in the LINKED ACCOUNT, whose rules are established in Appendix I of ANNEX V – REGULATORY MODEL.

14. Chapter 14 - Rules for COMPENSATORY ADJUSTMENTS for the 1st TARIFF ADJUSTMENT of the 1st TARIFF CYCLE

14.1. The calculation for the Tariff Adjustment Index (TAR) in the 1st ADJUSTMENT of the 1st TARIFF CYCLE must consider the accrued inflation in the period, considering the base date of the INITIAL TARIFF indicated in item 15.1 of this ANNEX and the base date of when the tariffs were approved.

14.2. When the 1st TARIFF ADJUSTMENT occurs, ARSESP must consider two types of COMPENSATORY ADJUSTMENTS, one referring to the end of SABESP's 4th Tariff Cycle prior to its PRIVATIZATION PROCESS and another referring to possible differences in the amounts used to calculate the TR1 in the INITIAL TARIFF.

14.3. The COMPENSATORY ADJUSTMENTS mentioned in this ANNEX are of a transitory nature in the TARIFF and are not exhaustive.

14.4. Calculation of the Compensatory Adjustment for the 4th Tariff Cycle

14.4.1. In the approval of SABESP's last Ordinary Tariff Review, referring to the 4th Tariff Cycle, a COMPENSATORY ADJUSTMENT was foreseen to occur at the end of the 4th TARIFF CYCLE for the following items detailed in NT.F-0016-2021:

a) A reduction, affecting direct revenues, of the amounts actually received during the tariff cycle that started in 2021 and ended on the EFFECTIVE DATE, with invoices for monitoring services, collection and/or treatment of non-residential effluents and the application of the pollutant load factor, toxicity or discharge flow for release into the public sewage system (K FACTOR);

b) The sharing of amounts effectively earned during the tariff cycle through alternative revenues, which include activities for supplemental, ancillary, and with associated projects;

c) An adjustment to include effective payment valuesfor the use of water resources;

d) The actual expenditures with Municipal Funds for Basic Sanitation in the approved municipalities, limited to 4% of direct municipal revenues;

e) The monitoring of expenses with Third Party Services (referring to the extra amount of R$ 300 million included in the cycle);

f) The effective amounts of bonuses not related to capital costs in performance contracts;

g) The effective amounts paid relating to PPP costs and asset leases;

h) The effective amounts approved by ARSESP for Research, Development and Innovation;

i) An adjustment of the Regulatory Remuneration Base, including fixed assets, write-offs, depreciation and effective working capital;

j) The effective accounting depreciation to calculate Corporate Income Tax (IRPJ) and Social Contribution (CSLL) on Net Income; and

k) IRPJ and CSLL: updated due to changes in their components.

14.4.2. ARSESP will calculate the COMPENSATORY ADJUSTMENT associated with the early termination of the 4th TARIFF CYCLE on the EFFECTIVE DATE, observing the calculation rules established in NT.F-0016-2021.

14.5. Calculation of the Compensatory Adjustment of the INITIAL TARIFF

14.5.1. In the TARIFF for the 2025 TARIFF ADJUSTMENT, there may be the inclusion of COMPENSATORY ADJUSTMENTS due to possible differences between the accounting values reported by SABESP for RABgross and RABnet used to calculate the INITIAL TARIFF and the valuesapproved by ARSESP in light of the ASSET EVALUATION REPORT, using 2023 as the reference period.

14.5.2. The COMPENSATORY ADJUSTMENT amount for the INITIAL TARIFF must be capitalized by the WACC established in Chapter 10.

15. Chapter 15 - General Provisions

15.1. All monetary valuesshown in this ANNEX consider June 2024 prices.

15.2. The average INITIAL TARIFF determined in this ANNEX substitutes the BALANCE TARIFF that would be calculated by ARSESP, within the scope of SABESP's 4th Ordinary Tariff Review, scheduled to be approved in May 2025, if the PRIVATIZATION PROCESS is not executed. The cancellation of this tariff process is only valid for the municipalities listed in ANNEX I – MUNICIPALITIES SERVED of the CONTRACT.

15.3. The average initial APPLICATION TARIFF defined in this ANNEX must come into effect between the EFFECTIVE DATE and December 2025, when the tariffs for the 1st ANNUAL TARIFF ADJUSTMENT will be approved by ARSESP after the TRANSACTION is completed.

Appendix A – Tables of Values

Table 8 – Data on total OPEX and unit costs in RP0 (SABESP)

Purpose	Stage	*Driver*	*Driver 2023*	Regulatory Unit Cost RP0
Personnel & Third-Party Services	Production	Water Volume Produced	2,411,286,576.94 m³	R$ 0.42/m³
General Supplies	Production	Water Volume Produced	2,411,286,576.94 m³	R$ 0.04/m³
Treatment Supplies	Production	Water Volume Produced	2,411,286,576.94 m³	R$ 0.20/m³
Electricity	Production	Water Volume Produced	2,411,286,576.94 m³	R$ 0.38/m³
General Expenses	Production	Water Volume Produced	2,411,286,576.94 m³	R$ 0.02/m³
Personnel & Third-Party Services	Distribution	Water Connections	9,246,371 connections	R$ 146.46/ connection
General Supplies	Distribution	Water Connections	9,246,371 connections	R$ 14.04/ connection
Treatment Supplies	Distribution	Water Volume Measured	1,832,582,618.23 m³	R$ 0.00/m³
Electricity	Distribution	Water Volume Measured	1,832,582,618.23 m³	R$ 0.19/m³
General Expenses	Distribution	Water Connections	9,246,371 connections	R$ 10.15/ connection
Personnel & Third-Party Services	Collection	Sewage Connections	8,021,670 connections	R$ 148.54/ connection
General Supplies	Collection	Sewage Connections	8,021,670 connections	R$ 11.08/ connection
Treatment Supplies	Collection	Sewage Volume Collected	1,656,450,751.70 m³	R$ 0.00/m³
Electricity	Collection	Sewage Volume Collected	1,656,450,751.70 m³	R$ 0.08/m³
General Expenses	Collection	Sewage Connections	8,021,670 connections	R$ 9.63/ connection
Personnel & Third-Party Services	Treatment	Sewage Volume Treated	1,174,030,008.46 m³	R$ 0.59/m³
General Supplies	Treatment	Sewage Volume Treated	1,174,030,008.46 m³	R$ 0.06/m³
Treatment Supplies	Treatment	Sewage Volume Treated	1,174,030,008.46 m³	R$ 0.12/m³
Electricity	Treatment	Sewage Volume Treated	1,174,030,008.46 m³	R$ 0.19/m³
General Expenses	Treatment	Sewage Volume Treated	1,174,030,008.46 m³	R$ 0.02/m³
Personnel & Third-Party Services	Commercial	Water Connections	9,246,371 connections	R$ 79.76/ connection
General Supplies	Commercial	Water Connections	9,246,371 connections	R$ 0.82/ connection
Treatment Supplies	Commercial	Water Connections	9,246,371 connections	R$ 0.00/ connection
Electricity	Commercial	Water Connections	9,246,371 connections	R$ 0.11/ connection

General Expenses	Commercial	Water Connections	9,246,371 connections	R$ 0.27/ connection
Personnel & Third-Party Services	Central Management	Equal to 1	1	R$ 37,210,464.64
General Supplies	Central Management	Equal to 1	1	R$ 191,485.40
Treatment Supplies	Central Management	Equal to 1	1	R$ 30.05
Electricity	Central Management	Equal to 1	1	R$ 116,723.23
General Expenses	Central Management	Equal to 1	1	- R$ 256,974.43

Table 9 – Description of the disallowed accounting accounts

Nature/Purpose	Description
Personnel & Third-Party Services	Estimated personnel expenses
	FGTS (fine)
	Incentive compensation
	Paid sabbatical leave
	Private pension - Pension deficit BD
	PROVISION - FGTS
	PROVISION - INSS
	Provision - retirement (current)
	Provision - Executive Board Bonus
	Provision - Vacation Bonus
	Provision for Christmas bonus - management
	Provision for Christmas bonus
	Provision for vacation
	Provision for Profit sharing
	Consent Decree - retirees
	Estimated service expenses
	Environment - environmental compensation
	Environment - recovery commit. term - services
	Reused water
Treatment Supplies	Estimated treatment materials
General Supplies	Estimated expenses with materials
	Environment - environmental compensation
Electricity	Estimated electricity expenses
General Expenses	Institutional support
	AVP (service stations) - liability agreements
	Donations
	Estimated water invoices receivable
	Estimated general expenses
	Compensation to third parties (vehicles)
	Compensation arising from agreements
	Compensation for environmental damage
	Compensation for labor agreements
	Compensation for damage to third parties
	Regulatory inspection fines - ARSESP
	Traffic fines
	Provision for civil contingencies
	Provision for contingencies - customers
	Provision for contingencies - suppliers

	Provision for other civil contingencies
	Provision for labor contingencies
	Provision for environmental contingencies
	Provision for tax contingencies
	Provision for sundry losses

Table 10 – Technical Efficiency estimated by the DEA model for each service provider in the sample

Service Provider	
AGESPISA	53.89%
CAEMA	65.60%
CAER	94.84%
CAERD	49.30%
CAERN	74.16%
CAESA	81.90%
CAESB	57.34%
CAGECE	97.68%
CAGEPA	68.33%
CASAL	71.40%
CASAN	72.41%
CEDAE	94.00%
CESAN	91.93%
COMPESA	85.48%
COPANOR	91.36%
COPASA	96.90%
CORSAN	70.19%
COSANPA	63.40%
DEPASA	82.04%
DESO	57.08%
EMBASA	88.78%
SABESP	91.34%
SANEAGO	93.79%
SANEATINS	100.00%
SANEPAR	87.55%
SANESUL	64.85%

Table 6 – Municipalities that will receive compensation for flooded areas

Municipality	Area (km^2)
Biritiba Mirim	13.66
Bragança	13.43
Caieiras	0.13
Cotia	3.95
Embu Guaçu	0.76

Franco da Rocha	1.47
Itapecerica	0.90
Joanópolis	7.00
Mairiporã	5.35
Nazaré Pta	22.94
Piracaia	25.84
Salesópolis	29.1
São Paulo	27.75
Suzano	11.96
Vargem	13.64

Table 72 – U.S. companies considered in the Beta calculation

Ticker	Name
AWR US	AMERICAN STATES WATER CO
CWT US	CALIFORNIA WATER SERVICE GRP
ARTNA US	ARTESIAN RESOURCES CORP-CL A
MSEX US	MIDDLESEX WATER CO
CTWS US	CONNECTICUT WATER SVC INC
YORW US	YORK WATER CO
SJW US	SJW GROUP
GWRS US	GLOBAL WATER RESOURCES INC
CWCO US	CONSOLIDATED WATER CO-ORD SH
PCYO US	PURE CYCLE CORP
AWK US	AMERICAN WATER WORKS CO INC

Table 83 – Summary Calculation for the INITIAL TARIFF

Calculation Components	Values
1- K Factor Revenue	R$ 234.16 million
2- Additional Revenue	R$ 66.47 million
3- Supplemental Revenue	R$ 84.49 million
4- REQUIRED REVENUE RP0	**R$ 22,806.50 million**
4.1- Unrecoverable Revenue	R$ 369.95 million
4.2- Operational Expenses	R$ 8,521.50 million
4.3- PPP and Asset Lease	R$ 792.17 million
4.4- Municipal Funds (FMSAI)	R$ 607.05 million
4.5- Use of Water Resources	R$ 96.26 million
4.6- RDI	R$ 11.40 million
4.7- Capital Remuneration (CR) + WCR	R$ 9,518.04 million
4.8- Capital Reinstatement	R$ 2,890.12 million
5- BASE TARIFF REVENUE 1 (TR1) (4-1-2-3)	**R$ 22,421.38 million**
6- Measured Volume in RP0 - water and sewage	3,571.67 million m3
5- BASE TARIFF REVENUE 0 (TR0) (4-1-2-3)	**R$ 23,625.90 million**
8- Average Current Tariff (7/6)	**R$ 6.61/m3**
9- Average INITIAL TARIFF (9.1+9.2)	**R$ 6.34/m3**
9.1- P0 average (5/6)	R$ 6.28/m3
9.2- Financial Components	R$ 0.058/m3
10- TRepI (9/8)	**-4.22%**

APOSTILLE TERM FOR CONTRACT 01/2024

Annex VIII – Initial Tariff Formation, pursuant to Technical Note SEMIL/SPI 002/2024 and Order 001/2024 – URAE – Southeast1, contained in SEI process 020.00011836/2023-60, also available on the website "https://semil.sp.gov.br/desestatizacaosabesp/conselho-deliberativo-urae-1/".

DELIBERATIVE COUNCIL OF THE REGIONAL UNIT
FOR SUPPLY OF DRINKING WATER AND SEWAGE
SERVICES 1 – URAE 1 - SOUTHEAST

ORDER 01/2024/URAE 1 - SOUTHEAST

São Paulo, on the date of the digital signature

Process: 020.00011836/2023-60

Subject: Apostille of Annex VIII – Initial Tariff Formation. Technical Note SEMIL/SPI 002/2024.

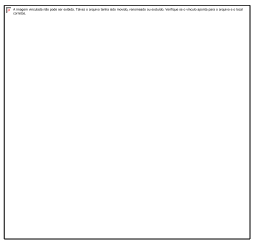
1. For the reasons and grounds established in Technical Note SEMIL/SPI 002/2024, and considering the provisions of article 7, paragraphs 1, 2 and 6, of Decree 66,289, of December 2, 2021, as amended by Decree 67,880, of August 15, 2023, in article 9 of the Internal Regulations

approved by Resolution CD URAE 1 – SOUTHEAST 01/2024, Resolution CD URAE 1 – SOUTHEAST 05/2024, and in Title I (1) of Concession Agreement 01/2024, we proceed with the apostille, in the form proposed in the aforementioned Technical Note.

2. To the Executive Secretary of URAE 1 – SOUTHEAST, for communication to the members of the Deliberative Council, and disclosure on the website "https://semil.sp.gov.br/desestatizacaosabesp/conselho-deliberativo-urae-1/".



NATÁLIA RESENDE ANDRADE ÁVILA
Coordinator of URAE-1



São Paulo State Government
Secretary of Environment, Infrastructure and Logistics Sub-Secretary of Water Resources and Basic Sanitation

TECHNICAL NOTE

TECHNICAL NOTE SEMIL/SPI 002/2024

Process: 020.00011836/2023-60

Subject: Apostille of Annex VIII – Initial Tariff Formation.

1. EXECUTIVE SUMMARY

This is a Technical Note prepared jointly by the Sub-Secretary of Water Resources and Basic Sanitation of the Secretary of Environment, Infrastructure and Logistics - SEMIL and by the Special Projects Coordination of the Secretary of Investment Partnerships - SPI, under the purpose of substantiating the apostille for the adjustment/rectification of numerical values of Annex VIII – Initial Tariff Formation, referring to Concession Agreement 01/2024, signed between the Regional Unit for Supply of Drinking Water and Sanitation Services – URAE 1 and SABESP, in view of the provisions of Sabesp Official Letter 005/2024 and the Technical Note of the International Finance Corporation – IFC.

2. APPLICABLE LEGISLATION

- Federal Law 11,445/2007 – *Legal Sanitation Framework.*
- Federal Law 14,026/2020 – *New Basic Sanitation Framework (NMSB).*
- Federal Law 13,465/2017 – *provides for rural and urban land regularization*
- State Law 17,853/2023 - *authorizes the Executive Branch of the São Paulo State to promote privatization measures of SABESP.*
- State Law 17,383/2021 - *provides for the creation of regional basic sanitation units.*
- State Decree 66,289/2021 – *governs State Law 17,383/2021*
- State Decree 67,880/2023 – *amends Decree 66,289/2021.*

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3. HISTORY

On May 20, 2024, the first meeting of the Deliberative Council of URAE 1 – Southeast was held, at which time the following resolutions were approved:

(i) RESOLUTION CD URAE 1 – SOUTHEAST 01: Approves the Internal Regulations of the Deliberative Council of the Regional Unit for Supply of Drinking Water and Sanitation Services - URAE 1 - Southeast.

(ii) RESOLUTION CD URAE 1 – SOUTHEAST 02: Approves the Regional Basic Sanitation Plan of the Regional Unit for Supply of Drinking Water and Sanitation Services - URAE 1 - Southeast.

(iii) RESOLUTION CD URAE 1 – SOUTHEAST 03: Defines the Regulatory Agency for Public Services of the State of São Paulo - ARSESP as the entity responsible for regulating and supervising the services covered by the Concession Agreement to be signed between the Regional Unit for Supply of Drinking Water and Sanitation Services - URAE 1 – Southeast and Companhia de Saneamento Básico do Estado de São Paulo – SABESP.

(iv) RESOLUTION CD URAE 1 – SOUTHEAST 04: Approves the signing of a concession agreement between URAE-1 – Southeast and Companhia de Saneamento Básico do Estado de São Paulo – SABESP.

(v) RESOLUTION CD URAE 1 – SOUTHEAST 5: Elects the Coordinator and respective Deputy of the Regional Unit for Supply of Drinking Water and Sanitation Services - URAE 1 - Southeast.

With the approval of all the aforementioned resolutions, the concession agreement replacing other contracts in force was signed, on May 24, between the Company and the Regional Unit for Supply of Drinking Water and Sanitation Services - URAE 1 - Southeast, with the

Regulatory Agency for Public Services of the State of São Paulo - ARSESP as a consenting party.

4. ANALISIS

The draft Concession Agreement and annexes submitted for consideration to the deliberative board of URAE 1 indicated, in particular in item 6.1.1_of Annex IV[1] – Tariff Annex and Annex VIII in its entirety, that specific amounts would be filled once the definitive list of Municipalities that joined URAE 1 – Southeast is known and whose basic sanitation services shall be governed by the Concession Agreement approved at the time.

Within this context, once the list of Municipalities was consolidated, at the meeting held on May 20, 2024, the date on which the Municipality of Campo Limpo Paulista adhered and the Municipality of Miguelópolis exited the Regional Unit for Supply of Drinking Water and Sanitation Services - URAE 1 - Southeast – URAE 1, the aforementioned values were filled for Annex VIII – Initial Tariff Formation, which was then published.

The reason being that, with the definition of the number of Municipalities adhering to URAE 1, it became feasible to calculate the average equilibrium price for the water and sewage services under the agreement, and thus the initial equilibrium tariff, allowing the final drafts of the agreement and its annexes to be consolidated for signature.

After the signing of the agreement was announced, SABESP requested, through Official Letter 005/2024, received by SEMIL on June 06, 2024 and filed within the scope of the referred process, the redistribution of the volumes reported by the Strategy

Superintendence (PI) in the market data to correct the proportional distribution of mixed connections, allocating the distribution of this volume according to the existing residential and non-residential units. For this, the market data (volumes measured and billed) was resubmitted with the correct allocation of the volume originating from mixed connections, reviewed by the Strategy Superintendence (PI), for assessment and possible adjustments.

When analyzing the database sent by SABESP, attached to the aforementioned Official Letter, the IFC confirmed that, although the total market volume had not changed and continued to adhere to the historical information disclosed by the Company (particularly in the 2023 annual financial statements), the volume composition between categories was adjusted, with the measured volume of the residential water category increasing from 1,601 million m³ (86.23%) to 1,622 million m³ (87.38%), and the non-residential category from 255 million m³ (13.77%) to 234 million m³ (12.62%), corresponding to an increase of 1.32% in the measured water volume for the residential category, and a reduction of 8.29% for the non-residential category. When analyzing the behavior of this variable for sewage volume, the residential category changed from 1,415 million m³ (84.84%%) to 1,434 million m³ (85.93%%) and the non-residential category from 253 million m³ (15.16%) to 234 million m³ (14.07%%), corresponding to an increase of 1.29% in measured sewage volume for the residential category, and a reduction of 7.23% in the non-residential category, as presented in the table below.

2023	***PI***	***Share by Category***	***Adjusted PI (Mixed Category)***	***Share by Category***	***Data Variation (PI x adjusted PI)***

Volume of Water Measured	**1,857,234,414**		**1,857,234,414**		0.00%
Residential	1,601,567,592	86.23%	1,622,770,915	87.38%	1.32%
Non-Residencial	255,666,822	13.77%	234,463,499	12.62%	-8.29%
Volume of Sewage Measured	**1,668,861,252**		**1,668,861,252**		0.00%
Residential	1,415,841,785	84.84%	1,434,122,695	85.93%	1.29%
Non-Residencial	253,019,467	15.16%	234,738,557	14.07%	-7.23%
Permissionaire	**53,992,731**		**53,992,731**		**0.00%**
Total Volume Measured	**3,580,088,397**		**3,580,088,397**		**0.00%**
Total Billed Volume	**4,206,148,002**		**4,206,148,002**		**0.00%**

Furthermore, upon receiving the aforementioned information and verifying the entire regulatory model, the IFC found, once again, that the calculation of TRepI and the initial equilibrium tariff presented was correct. However, with the aforementioned input information coming from the SABESP database, with the reallocation of mixed units between residential and non-residential categories, the updated TRepI was -4.22% instead of -6.40%. In other words, by reallocating mixed units that were previously considered to be non-residential into residential and non-residential units, a lower Base Tariff Revenue was obtained, of approximately 2%. This is because the average revenue for residential units is lower than non-residential units. The table below shows a comparison between the values filled in Annex VIII after the URAE-1 deliberation and the values resulting from the new information made available by SABESP.

Calculation Components	Values published in ANNEX VIII	New Values from reviewed data
1. K Factor Revenue	R$ 234.16 million	R$ 234.16 million
2. Additional Revenue	R$ 66.47 million	R$ 66.47 million
3. Supplemental Revenue	R$ 84.49 million	R$ 84.49 million
4. **REQUIRED REVENUE PR0**	**R$ 22,806.23 million**	**R$ 22,806.50 million**
4.1- Unrecoverable Revenue	R$ 369.95 million	R$ 369.95 million

4.2- Operational Expenses	R$ 8,521.83 million	R$ 8,521.50 million
4.3- PPP and Asset Lease	R$ 792.17 million	R$ 792.17 million
4.4- Municipal Funds (FMSAI)	R$ 606.47 million	R$ 607.05 million
4.5- Use of Water Resources	R$ 96.26 million	R$ 96.26 million
4.6- RDI	R$ 11.40 million	R$ 11.40 million
4.7- Capital Remuneration (CR) + WCR	R$ 9,518.04 million	R$ 9,518.04 million
4.8- Capital Reinstatement	R$ 2,890.12 million	R$ 2,890.12 million

5. **BASE TARIFF REVENUE 1 (TR1) (4-1-2-3)**	**R$ 22,421.12 million**	**R$ 22,421.38 million**
6. Measured Volume in RP0 - water and sewage	3,571.67 million m3	3,571.67 million m3
7. BASE TARIFF REVENUE 0 (TR0)	**R$ 24,176.67 million**	**R$ 23,625.90 million**
8. Average Current Tariff (7/6)	**R$ 6.77/m3**	**R$ 6.61/m3**
9. Average INITIAL TARIFF (9.1+9.2)	**R$ 6.34/m3**	**R$ 6.34/m3**
9.1- *P0 average* (5/6)	R$ 6.28/m3	R$ 6.28/m3
9.2- *Financial Components*	R$ 0.058/m3	R$ 0.058/m3
10- TRepI (9/8)	**-6.40%**	**-4.22%**

Within the context of the procedural investigation, the IFC, responsible for carrying out the privatization studies, recommended the adjustment/rectification of the numerical valuespresented in Annex VIII, as indicated above.

Furthermore, as highlighted by the IFC, the aforementioned substitution of the numerical values contained in Annex VIII was exclusively due to the recalculation of the initial tariff and other related parameters, **maintaining the rules and contractual terms approved by the Deliberative Council of URAE 1 – Southeast unchanged**. Furthermore, the IFC highlights that, to define the initial tariff, Sabesp's official historical information was used, published by the Strategy Superintendence (PI), linked to the Company's Presidency, in line with the information contained and published in its audited financial statements.

Within this context, corroborating the IFC's statements, we recommend the adjustment/rectification of numerical valuesin Annex VIII in accordance with the attached documents, highlighting that: (i) there was no change in the bases and contractual terms deliberated at the URAE meeting on May 20; (ii) the approved methodology was maintained and unchanged; and (iii) the adjustments required by the Company and addressed by the IFC are exclusively related to the redistribution of the market relative to the mixed units, those that share connections among residential and non-residential units, in such a way that its correct distribution reflects the accurate average equilibrium price, which could only be calculated and consolidated in the contract after defining the number of Municipalities adhering to URAE1, which occurred on May 20, 2024. This measure is necessary to ensure the consistency of the tariff repositioning index (TRepi), which can only be calculated after resolved by URAE1.

Therefore, the adjustment/rectification proposed herein, given it does not change any rule or contractual term and only requires the recalculation of figures in Annex VIII, which

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could only be achieved after defining the number of Municipalities adhering to URAE1, which occurred on May 20, 2024, may be carried

out by apostille in the records, that is, without the need for new resolution by URAE1.

[1] "*6.1.1. The specific values of the APPLICATION TARIFFS referenced in Tables 1 to 9 below adopt the following assumptions and consider: (i) as reference tariff values, for the purpose of applying discounts by the STATE, those in force under the terms of ARSESP Resolution 1,514/2024 and SABESP Notice 01/2024; (ii) that the CONTRACT will be followed by all MUNICIPALITIES listed in Annex I – MUNICIPALITIES SERVED; (iii) the discount amount granted by the STATE is linked to the definitive list of MUNICIPALITIES to be included in Annex I - MUNICIPALITIES SERVED after the EFFECTIVE DATE, with SABESP hereby authorized to communicate the new values to USERS, after determining the discount according to item (iii) of this item 6.1.1; and (iv) this will be in effect until the 1st ADJUSTMENT by means of a notice, issued under the terms of article 28 of State Decree 41,446/1996.*"

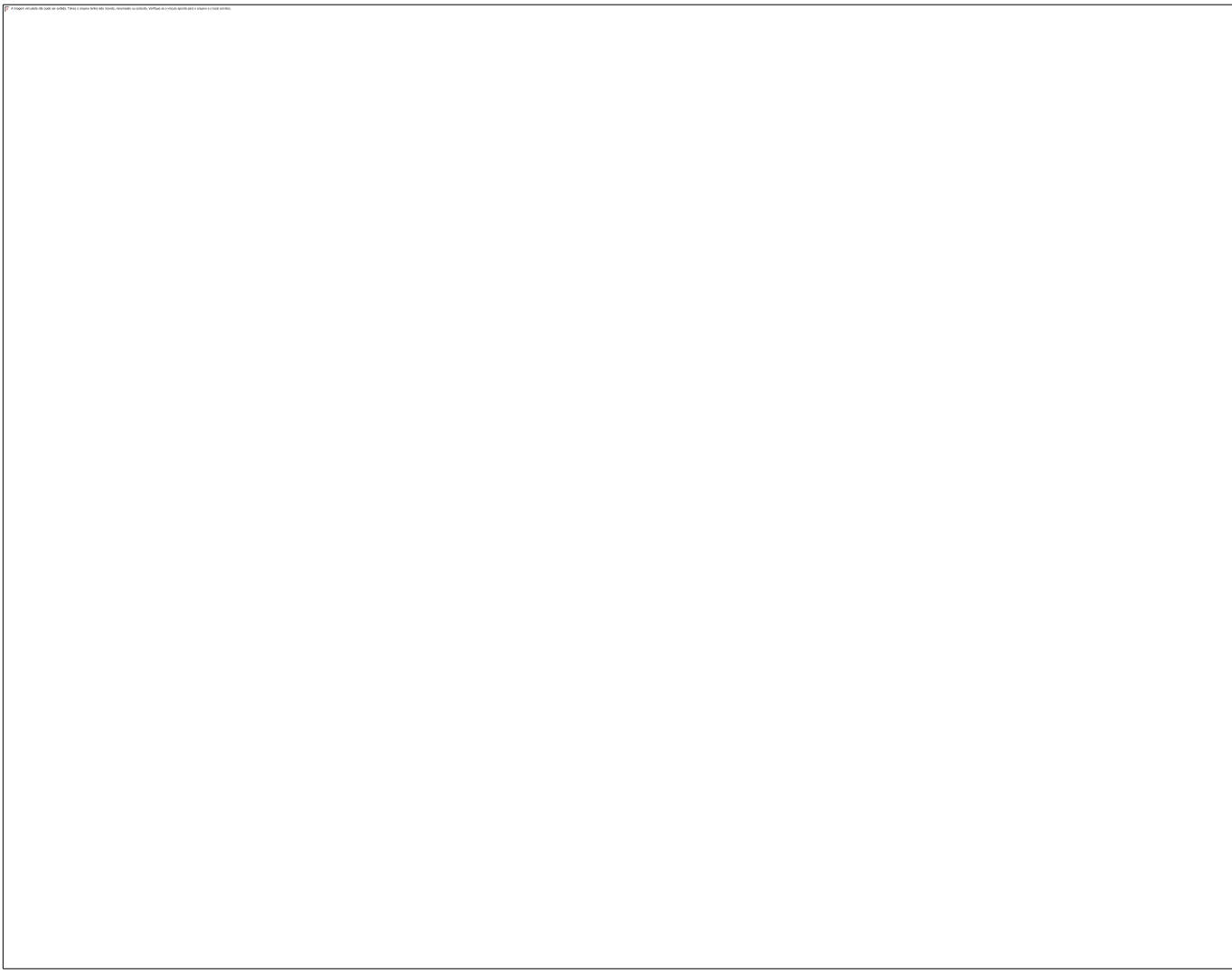
5. CONCLUSION

In view of the above, it is recommended that an apostille be made to adjust/rectify numerical valuesin Annex VIII – Initial Tariff Formation, as detailed in this note and in the attached extract, which accompanies this statement, and subsequently communication to the members of the Deliberative Council of URAE 1 – Southeast, and disclosed on the website https://semil.sp.gov.br/desestatizacaosabesp/conselho-deliberativo-urae-1/.

As mentioned, the contractual bases and terms decided at the URAE meeting, on May 20, remain unchanged, as well as the approved methodology, and all information corresponds to the ones contained and published in the Company's audited financial statements.

DAVID POLESSI DE MORAES
Coordination Office of Special Projects of the SPI
SAMANTA SOUZA
Subsecretary of Water Resources and Basic Sanitation at SEMIL

I agree with the Technical Note prepared by those responsible for the Sub-Secretary of Water Resources and Basic Sanitation of SEMIL and the Special Projects Coordination of SPI, and with the continuation of the adjustment/rectification through apostille and its subsequent disclosure.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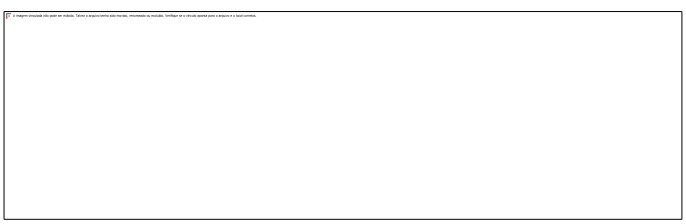
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June 06,
2024.

To: Secretary of Partnerships and Investments (SPI), State of São Paulo (Mr. Secretary Rafael Antonio Cren Benini/ Mr. David Polessi de Moraes) and Secretary of Environment, Infrastructure and Logistics (Mrs. Secretary Natália Resende Andrade Ávila/ Ms. Sub-secretary Samanta Souza)
From: International Finance Corporation (IFC)
Re: Contract 607886. Technical Note – Receipt of Information on SABESP for the Company's privatization project.

TECHNICAL NOTE

1. Introduction of a New Regulatory Model

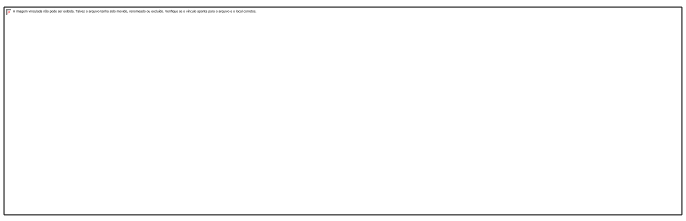
SABESP's current tariff regulation model, with forward-looking characteristics, determines the economic-financial equilibrium tariff for services based on tariff cycle projections, in accordance with the Company's own business plan, in such a way that the tariff incorporates market data and investments planned for the upcoming 4 years and has not yet been carried out. In each periodic tariff review event (which occurs every 4 years in the current model), compliance with the approved investment plan is reviewed (any differences between projections and actual investments are offset) and a new tariff cycle is defined, with the approval of the equilibrium tariff for the following tariff cycle. Therefore, in the current model, the regulatory agency only certifies the reasonableness of the projected variables during the review processes, given that the model is "forward looking", and any differences between financial amounts are adjusted at the end of each cycle.

As widely debated since the beginning of the SABESP project, the current model does not encourage investment. This gap becomes even more relevant in a scenario of mandatory universalization, which is required under the sector's new regulatory framework, and will demand R$ 64.490 billion between 2024 and 2029 (at June 2024 prices; and nearly R$ 68 billion at December 2023 prices). For this reason, a change to a backward-looking model was proposed, which offers greater incentive for investing given that, in this type of model, the tariff is adjusted only after investments are made and certified. In this model, the economic-financial equilibrium tariff is calculated based on historical data, considering only the market, non-manageable costs and investments effectively incurred in a reference period of twelve months for the price formation.

Thus, in the new backward-looking model, the agency will need to conduct a certification process on the Company's general information, both in terms of the market and investments, as well as in achievement of goals, to align tariff/revenue

growth and costs (Totex) for providing services. Given the elevated level of investments estimated for universalization of services, during the first two tariff cycles (10 years), the amounts collected will be annually incorporated



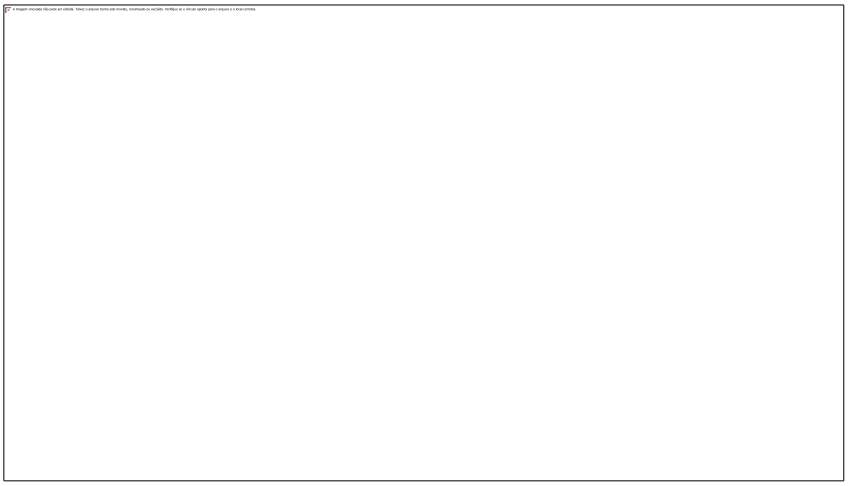


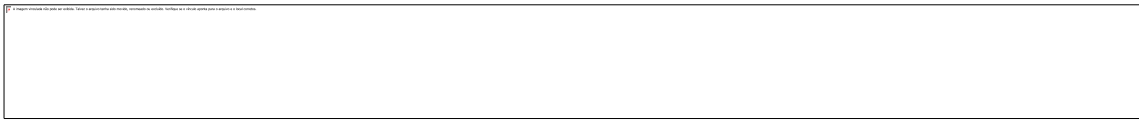
in tariffs, in which any possible adjustment will cause immediate effects due to the evolution in collecting and consolidating data by the parties involved. Furthermore, the new regulatory model has instruments that encourage efficiency gains by allowing the Company to capture a large portion of these gains during the first cycles, as well as establishing contractual criteria for sharing gains related to ancillary activities and associated projects, in addition to the contractual clauses establishing that, as of the 2nd Cycle, revenue sharing with the K Factor may be less than 100%. Therefore, the proposed model encourages the difference between the results achieved and the regulatory results to be reduced over time.

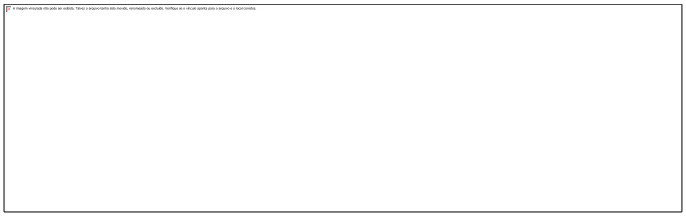
We highlight that the starting point under the new model, that is, the definition of the initial tariff, used SABESP's official historic information disclosed by the Strategy Superintendence (PI), linked to the Company's Presidency. The information is in line with the data contained and published in the Company's audited financial statements. It is also important to state that we took great technical care in building a model in which many pieces of information, not only for calculating the initial tariff, but also for determining, monitoring and achieving coverage targets, were coherent among themselves and originated from the same information base, in this case, the data published by the Strategy Superintendence (market database). In fact, the operationalization of the new regulatory model will rely on a single, auditable database of the values/amounts actually realized for the main variables (CAPEX, Volume/Revenue, Market, coverage rates, service quality, product quality, losses, OPEX, etc.), which was observed in this process.

Additionally, an assumption in SABESP's new concession agreement with URAE 1 is that the process of consolidating the Company’s database will continue to evolve, with the introduction of independent certifiers and other elements, allowing ARSESP to fully execute its regulation. The new concession agreement establishes rules for providing consolidated information by SABESP, which reflect its real market in the reference period, with extensive monitoring by ARSESP through certification, regulatory accounting, a panel indicating the main technical parameters of the

agreement, georeferencing of connections and units, as well as expansion in service coverage.







Specifically for market data, according to the new concession agreement, the Company will have to present the regulator historical records of all market information, including historical definitive consumption, with a 90-day shift for any adjustments on reformed or canceled values, reflecting the Company's actual collection amount for each month and the performance for the reference year. Standardized accounting information on costs and revenues by implementing a Regulatory Accounting, by 2026, will contribute to ARSESP's oversight of the historical data reported by the Company. There is also a provision to certify the results made available by the Company, so that field measurements can be made to verify the evolution of service coverage, attesting to the universalization of access to water supply and sanitation services in each of the municipalities served. This certification will assist ARSESP in its fundamental role, which is to monitor the information made available by the Company, a process which will be improved through the use of technological tools for the remote monitoring of the conditions under which services are provided.

To form the initial equilibrium tariff, it was necessary to define which municipalities in URAE 1 – Southeast would adhere to the new concession agreement.

On May 20, 2024, the date of URAE1's first meeting for its Deliberative Council, a total of 371 adhesions to the new concession agreement were confirmed.

After defining the number of Municipalities adhering to URAE 1, it became feasible to calculate the average equilibrium price for the water and sewage services under the agreement, and thus the initial equilibrium tariff, allowing the final drafts of the agreement and its annexes to be consolidated for signature.

2. Market Information submitted by SABESP on June 5, 2024

On June 5, SABESP forwarded the SABESP Official Letter 005/2024 to the Government of São Paulo, requesting the redistribution of volumes in the market data, previously reported to the IFC by the Strategy Superintendence (PI) on March 14, 2024, aimed at correcting the proportion of mixed connections, allocating the distribution of this volume according to the existing residential and non-residential units. For this, the market data (volumes measured and billed) was resubmitted with the correct allocation of the volume originating from mixed connections, reviewed by the Strategy Superintendence (PI), according to the attached spreadsheet, for assessment and possible adjustments.

Following, the IFC and Siglasul, a hired consultancy firm, analyzed the data resubmitted by the Company and confirmed that, although the total market volume had not changed and continued to adhere to the historical information disclosed by the Company (particularly in the 2023 annual financial statements), the volume composition between categories was adjusted, with the measured volume of the residential water category increasing from 1,601 million m³ (86.23%) to 1,622 million m³ (87.38%), and the non-residential category from 255 million m³ (13.77%) to 234 million m³ (12.62%), corresponding to an increase of 1.32% in the measured water volume for the residential category, and a reduction of 8.29% for the non-residential category. When analyzing the behavior of this variable for sewage volume, the residential category changed from 1,415 million m³ (84.84%%) to 1,434 million m³ (85.93%%) and the non-residential category from 253 million m³

(15.16%) to 234 million m³ (14.07%%), corresponding to an increase of 1.29% in measured sewage volume for the residential category, and a reduction of 7.23% in the non-residential category, as presented in the table below.

2023	***PI***	***Share by Category***	***Adjusted PI (Mixed Category)***	***Share by Category***	***Data Variation (PI x adjusted PI)***
Volume of Water Measured	**1,857,234,414**		**1,857,234,414**		0.00%
Residential	1,601,567,592	86.23%	1,622,770,915	87.38%	1.32%
Non-Residencial	255,666,822	13.77%	234,463,499	12.62%	-8.29%
Volume of Sewage Measured	**1,668,861,252**		**1,668,861,252**		0.00%
Residential	1,415,841,785	84.84%	1,434,122,695	85.93%	1.29%
Non-Residencial	253,019,467	15.16%	234,738,557	14.07%	-7.23%
Permissionaire	**53,992,731**		**53,992,731**		**0.00%**
Total Volume Measured	**3,580,088,397**		**3,580,088,397**		**0.00%**
Total Billed Volume	**4,206,148,002**		**4,206,148,002**		**0.00%**

In addition, upon receiving the aforementioned information, the IFC and Siglasul, the hired consultancy firm, **verified the entire regulatory model and confirmed, once again, that the calculation of the TRepI and the initial equilibrium tariff presented was correct.** However, with the aforementioned input information coming from the SABESP database, with the reallocation of mixed units between the residential and non-residential categories, the updated TRepI was -4.22% instead of -6.40%. In other words, by reallocating mixed units that were previously considered to be non-residential into residential and non-residential units, a lower Base Tariff Revenue was obtained, of approximately 2%. This is because the average revenue for residential units is lower than in non-residential units. The table below shows a comparison between the values filled in Annex VIII and the values resulting from the information provided by SABESP on June 5, 2024.

Calculation Components	**Values published in ANNEX VIII**	**New Values from reviewed data**
1. K Factor Revenue	R$ 234.16 million	R$ 234.16 million
2. Additional Revenue	R$ 66.47 million	R$ 66.47 million
3. Supplemental Revenue	R$ 84.49 million	R$ 84.49 million
4. **REQUIRED REVENUE PR0**	**R$ 22,806.23 million**	**R$ 22,806.50 million**
4.1- Unrecoverable Revenue	R$ 369.95 million	R$ 369.95 million
4.2- Operational Expenses	R$ 8,521.83 million	R$ 8,521.50 million
4.3- PPP and Asset Lease	R$ 792.17 million	R$ 792.17 million
4.4- Municipal Funds (FMSAI)	R$ 606.47 million	R$ 607.05 million
4.5- Use of Water Resources	R$ 96.26 million	R$ 96.26 million
4.6- RDI	R$ 11.40 million	R$ 11.40 million
4.7- Capital Remuneration (CR) + WCR	R$ 9,518.04 million	R$ 9,518.04 million
4.8- Capital Reinstatement	R$ 2,890.12 million	R$ 2,890.12 million

5. BASE TARIFF REVENUE 1 (TR1) (4-1-2-3)	**R$ 22,421.12 million**	**R$ 22,421.38 million**
6. Measured Volume in RP0 - water and sewage	3,571.67 million m3	3,571.67 million m3
7. BASE TARIFF REVENUE 0 (TR0) (4-1-2-3)	**R$ 24,176.67 million**	**R$ 23,625.90 million**
8. Average Current Tariff (7/6)	**R$ 6.77/m3**	**R$ 6.61/m3**
9. Average INITIAL TARIFF (9.1+9.2)	**R$ 6.34/m3**	**R$ 6.34/m3**
9.1- P0 average (5/6)	R$ 6.28/m3	R$ 6.28/m3
9.2- *Financial Components*	R$ 0.058/m3	R$ 0.058/m3
10- TRepI (9/8)	**-6.40%**	**-4.22%**

3. Conclusion and Forwarding

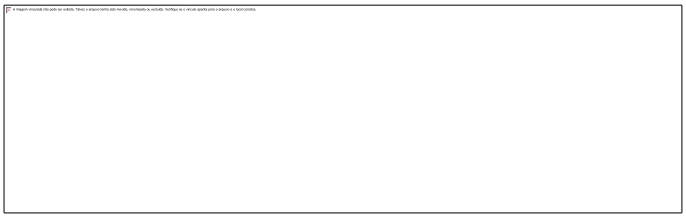
On June 5, SABESP forwarded the SABESP Official Letter 005/2024 to the Government of São Paulo, requesting the redistribution of volumes in the market data, previously reported to the IFC by the Strategy Superintendence (PI) on March 14, 2024, aimed at correcting the proportion of mixed connections, allocating the distribution of this volume according to the existing residential and non-residential units.

Upon receiving the aforementioned information, the IFC and Siglasul, the hired consultancy firm, **verified the entire regulatory model and confirmed, once again, that the calculation of the TRepI and the initial equilibrium tariff presented was correct.** However, with the aforementioned input information coming from the SABESP database, with the reallocation of mixed units between residential and non-residential categories, the updated TRepI was -4.22% instead of -6.40%.

In view of this scenario, it is recommended that the Government of São Paulo (SEMIL & SPI) adjust the values presented in Annex VIII, as indicated above, given the request forwarded by SABESP and the analyses carried out by the IFC, highlighted in this Note. It should be noted that, in any case, the aforementioned annex establishes the information required for the initial equilibrium tariff formation by presenting all rationales required to calculate and assess the market regarding the robustness of the information and the transparency of the regulatory model.

Furthermore, it is important to highlight that the substitution of the numerical values contained in Annex VIII was exclusively due to the recalculation of the initial tariff and other related parameters based on data provided by





SABESP, on June 5, 2024, **maintaining the rules and contractual terms approved by the Deliberative Council of URAE 1 – Southeast unchanged**.

As presented in section 2, as of the first annual adjustment of the agreement, a robust process will be carried out to verify and certify market information, attesting to the measured and billed volumes and the number of connections and units served, for the purpose of verifying compliance with coverage targets and the equilibrium tariff formation.

Attached to this Technical Note is a marked version of the VIII with the necessary changes, if this is the decision adopted by the Government of the State of São Paulo. To conclude, it is worth highlighting that no changes occurred in the bases and contractual terms deliberated at the URAE meeting on May 20, the approved methodology was maintained and unchanged, and the adjustments required by the Company and addressed by the IFC and Siglasul, a hired consultancy firm, are exclusively related to the redistribution of the market relative to the mixed units, those that share connections among residential and non-residential units, in such a way that its correct distribution reflects the accurate average equilibrium price, which could only be calculated and consolidated in the contract after defining the number of Municipalities adhering to URAE1, which occurred on May 20, 2024, as already stated.

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After addressing these pending matters, we take the opportunity to respectfully express esteem and consideration.

Official Letter 005/2024

São Paulo, June 05, 2024.

To Mr.
RAFAEL ANTONIO BENINI
Secretary of State of Partnerships
in Investments Rua Iaiá, 126, 12º
andar, São Paulo-SP

To Ms.
NATÁLIA RESENDE ANDRADE ÁVILA
Secretary of State of Environment, Infrastructure, and Logistics
Avenida Professor Frederico Hermann Júnior, 345, prédio 1, 5º andar, São Paulo- SP

Re: URAE-1 Concession Agreement – Annex VIII | Market Data (volumes measured and billed) - 2023

Dear Secretaries,

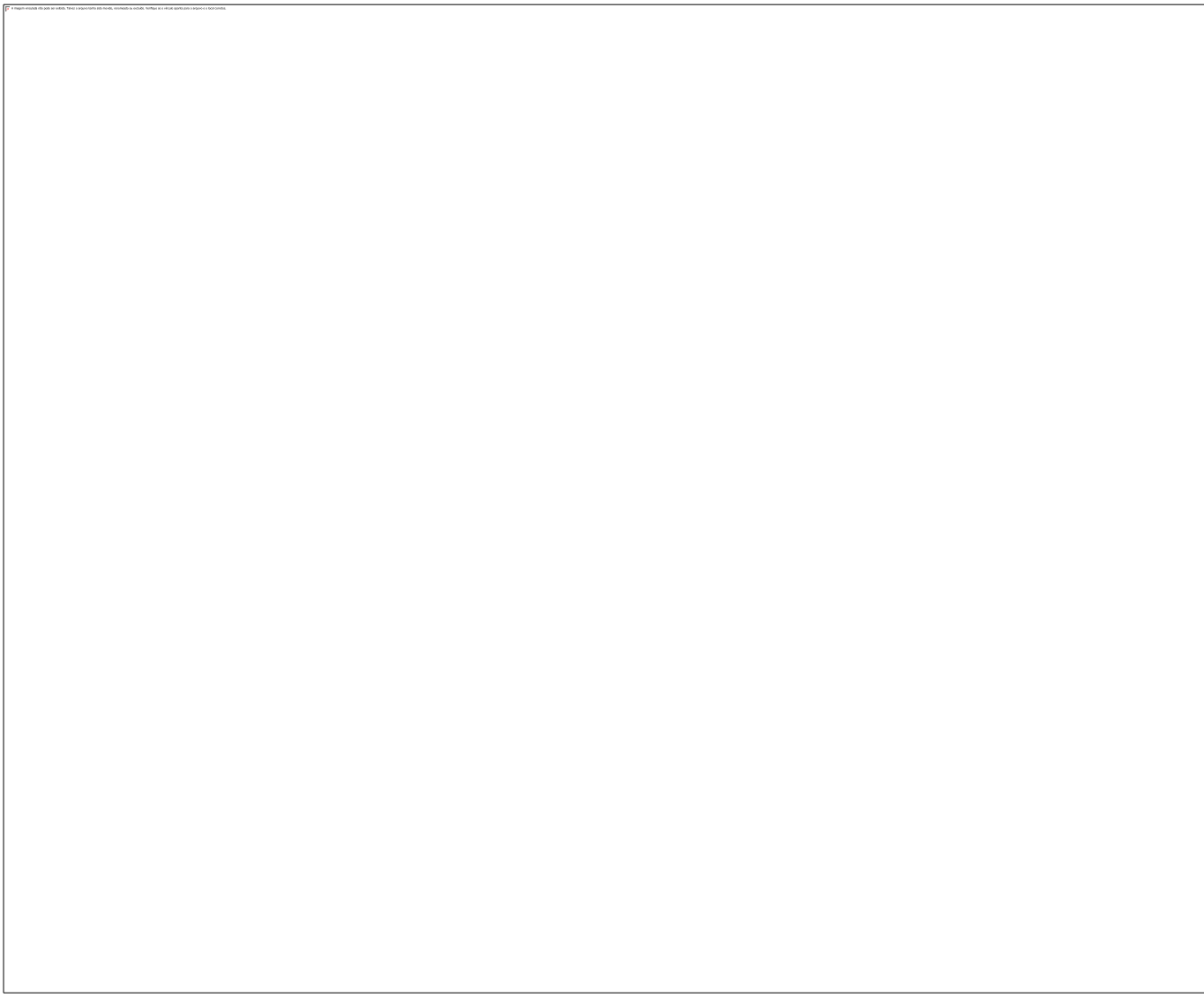
In view of the completion of data contained in Annex VIII of the URAE-1 Concession Agreement, pursuant to the preliminary meeting with the IFC, we request the redistribution of the volumes reported by the Strategy Superintendence (PI) in the market data to correct the proportion of mixed connections, allocating the distribution of this volume according to the existing residential and non-residential units.

For this, we resubmitted the market data (volumes measured and billed) with the correct allocation of the volume originating from mixed connections, reviewed by the Strategy Superintendence (PI), according to the attached spreadsheet, for assessment and possible adjustments.

Sincerely,

BRUNO MAGALHÃES DABADIA
Regulation and New Businesses Officer

Companhia de Saneamento Básico do Estado de
São Paulo
Regulation and New Businesses Board
Rua Costa Carvalho,
300 - Pinheiros
CEP 05429-900 –
São Paulo - SP
Telephone (011) 3388-9411



CERTIFICATION

I, Carlos Augusto Leone Piani, certify that:

1. I have reviewed this annual report on Form 20-F of Companhia de Saneamento Básico do Estado de São Paulo – Sabesp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
   a. designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on evaluation; and
d. disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and to the audit committee of the company's board of directors (or persons performing the equivalent function):
   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 30, 2025

By: /s/ Carlos Augusto Leone Piani
Name: Carlos Augusto Leone Piani
Title: Chief Executive Officer

CERTIFICATION

I, Daniel Szlak, certify that:

1. I have reviewed this annual report on Form 20-F of Companhia de Saneamento Básico do Estado de São Paulo – Sabesp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
   a) designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on evaluation; and
   d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and to the audit committee of the company's board of directors (or persons performing the equivalent function):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

b)any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 30, 2025

By: /s/ Daniel Szlak
Name: Daniel Szlak
Title: Chief Financial Officer and Investor Relations Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Companhia de Saneamento Básico do Estado de São Paulo – Sabesp (the "Company") on Form 20-F for the fiscal year ended December 31, 2024, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Carlos Augusto Leone Piani, Chief Executive Officer, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the U.S. Sarbanes Oxley Act of 2002, that to the best of my knowledge:

(i) the Report fully complies with the requirements of section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 30, 2025

By: /s/ Carlos Augusto Leone Piani
Name: Carlos Augusto Leone Piani
Title: Chief Executive Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Companhia de Saneamento Básico do Estado de São Paulo – Sabesp (the "Company") on Form 20-F for the fiscal year ended December 31, 2024, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel Szlak, Chief Financial Officer and Investor Relations Officer, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the U.S. Sarbanes Oxley Act of 2002, that to the best of my knowledge:

(i) the Report fully complies with the requirements of section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 30, 2025

By: /s/ Daniel Szlak
Name: Daniel Szlak
Title: Chief Financial Officer and Investor Relations Officer