

Sustainability Report 2022

Aquapolo

GS Inima | sabesp

Aquapolo

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Welcome



About the report GRI 2-3

Aquapolo has released its first **Sustainability Report**, in which it offers a summary of the initiatives and results based on its business model. As a result of its efforts to be transparent with stakeholders and society in general, it is aligned with the company's ESG (environmental, social and governance) strategy and its purpose of transforming and inspiring society by recycling water to perpetuate life.

This publication contains relevant information on the company's operations from January 1 to December 31, 2022. The reporting methodology used complies with the Global Reporting Initiative (GRI) in its most recent version (2021). The guidelines are recognized as best global practices for the public reporting of different economic, environmental and social impacts.

In addition, it correlates with the Sustainable Development Goals (SDGs) of the United Nations (UN). The information also takes into account the materiality matrix based on 11 priority topics for the business within this reporting cycle and the environmental commitments made by Aquapolo in 2022.

If you have any questions about the content of this report, please contact us at:

meioambiente@aquapolo.com.br.



Message from the board

GRI 2-22

We are delighted to release Aquapolo's first Sustainability Report. Aquapolo, created to serve the Capuava Petrochemical Complex and industries in the ABC Paulista region, is the largest enterprise for the production of recycled water in South America and is one of the largest in the world. Its shareholders are GS Inima Industrial and company de Saneamento Básico do Estado de São Paulo (Sabesp), the Basic Sanitation Utility for the State of São Paulo.

This trailblazing project, in ten years of operation in Brazil (completed in December 2022), has put sustainability at the heart of its business, by ensuring the diversification of water sources in a region with structural water stress. By using treated sewage as a raw material to produce recycled water for industry, it helps to ease the pressure on available water bodies, which in turn helps to preserve springs and save more water for human consumption.

We reached a major milestone at Aquapolo in 2022: we hit 100 million cubic meters of recycled water and were recognized as a Climate Smart Water Utility by the International Water Association (IWA).

Aquapolo has put sustainability at the heart of its business



Although sustainability is at the core of our business, we know that we can make progress in socio-environmental aspects. We are aligned with the SDGs of the UN and are building our ESG Agenda.

We prepared our first greenhouse gas (GHG) inventory, in scopes 1 and 2, and submitted it to the Brazilian GHG Protocol Program. With this we have made two public commitments: to neutralize 62% of our carbon footprint by 2025 and become carbon neutral by 2030; and to neutralize our direct use water footprint by 2025.



To reflect this commitment, we are studying projects that can contribute to the operational and energy efficiency of our plant, as well as reduce waste (see *more on page 34*). We have already taken a few steps in that direction through GS Inima's Destino Certo Program, in which we are attempting to achieve maximum circularity for the waste generated in the operation. Our goal is to completely eliminate the disposal of waste in landfills (*find out more on page 34*).

Guided by the goal of transforming and inspiring society through water recycling, we reached excellent financial and operational results in 2022. A few of the highlights of the operation are an operational availability indicator of 99.99% for time and a customer satisfaction index of 98%.

This good financial performance stems from a well-structured and stable business model that ensures minimum revenue through take-or-pay contracts, as well as balanced cash generation. Ebitda for 2022 exceeded BRL 81.3 million, which represents a growth of more than 12.2% over the same period in 2021. Net profit reached BRL 33.6 million, up 19.3% from 2021. This performance is the result of cost optimizations and innovations that have been put in place since 2021.

These developments have only been possible thanks to the commitment of our employees, who form a motivated and cohesive team, willing to face challenges and offer efficient solutions through teamwork. We are working to structure a job and salary plan for 2023 with the objective of valuing our professionals and making the company more attractive to the market.

Guided by the best practices in innovation and governance, Aquapolo is ready to forge ahead on the path of possibilities for its current business, with room to expand production and gain new clients. We cannot forget to thank all our stakeholders who have embarked on this journey with us to increase more sustainably managed water availability and industrial production.

Enjoy your read!

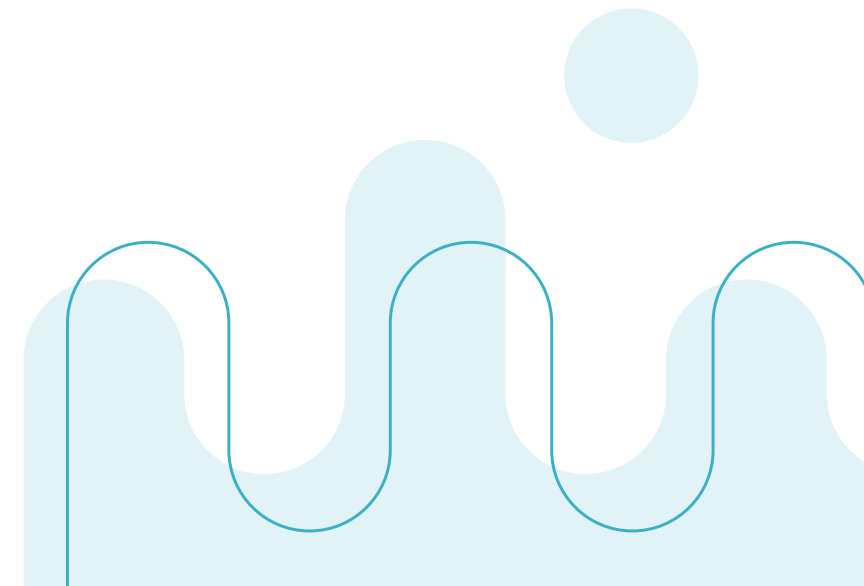
Márcio da Silva José

CEO

Fernando Gomes da Silva

DIRECTOR

With a well-structured and profitable business model, we are ready to expand our production and serve new customers through water recycling



Highlights 2022



The company reaches
10 years
of operation in December



Panel participation
**"Let's hear from the Leading
Water Reuse Utilities in the
World"** at the International
Congress of the International
Desalination and Reuse Association
(IDA) in Sydney, Australia



Launch of the documentary
**"O Futuro das Águas,
Desafio do Século"** (The
Future of Water, Challenge
of the Century), directed
by Camilo Tavares with the
sponsorship of Aquapolo



It reaches the mark of
100 million
cubic meters of recycled
water produced in ten
years of operation



Recognized as a **Climate Smart
Water Utility** by the IWA.
Aquapolo was considered one
of the 13 most inspiring cases
of climate change adaptation
and mitigation

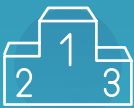


Participation in **International
Congress of the Latin
American Association for
Desalination and Water
Reuse** (Aladyr) in São Paulo



It has made two public
sustainability commitments:

- Neutralize 62% of its carbon footprint by 2025, and become carbon neutral by 2030
- Neutralize its direct use water footprint by 2025



Finalist for the **Water Award**
in the GRI Infra Awards, which
recognizes projects, actions
and initiatives in the transport,
energy and basic sanitation
infrastructure market



Aquapolo

Our business

GRI 2-1, 2-2, 2-6

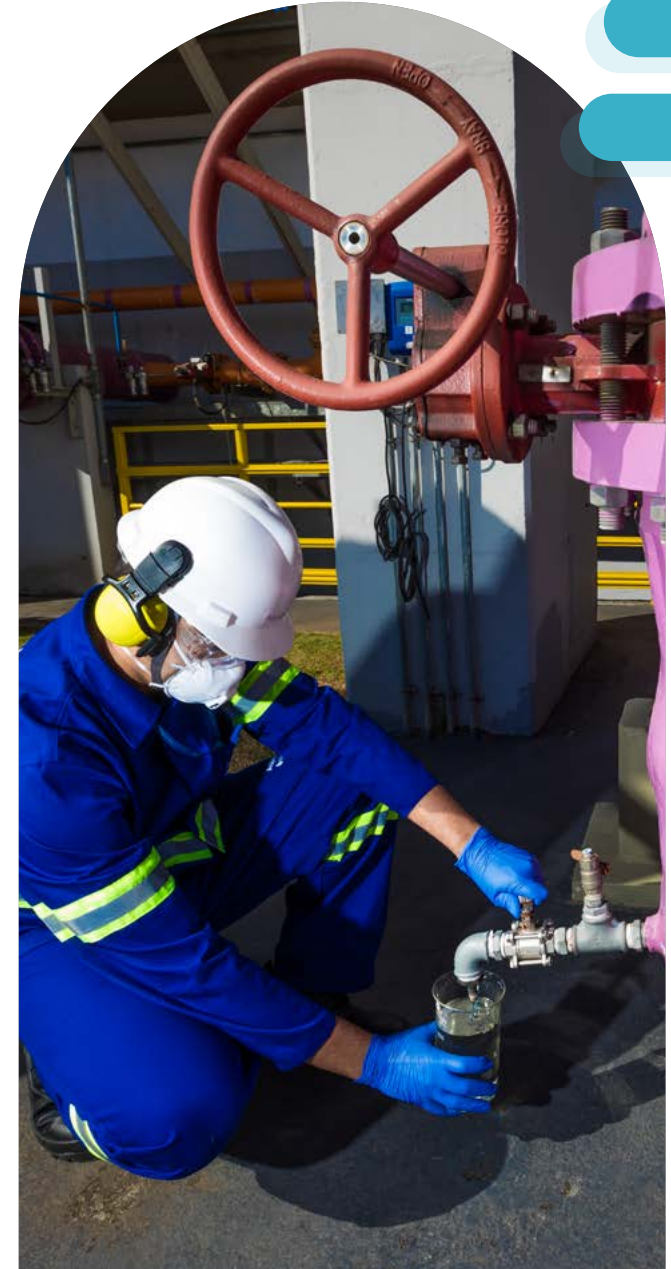
With its cutting-edge technology, Aquapolo can produce up to 1,000 liters of recycled water per second, which is enough to supply a city of 500,000 inhabitants

Aquapolo Ambiental S.A. is the largest enterprise for the production of recycled water in South America and one of the largest in the world. With ten years of operation, completed in 2022, the privately-held company has two shareholders: GS Inima Industrial (51%) and the Basic Sanitation Utility for the State of São Paulo - Sabesp (49%).

The company has no subsidiaries, affiliated companies or holds a stake in any other company or entity and was created to serve the Capuava Petrochemical Complex and industries in the ABC Paulista region. It fosters the diversification of water sources in a location with structural water stress, which impacts both the public water supply and large-scale economic activities.

The project is unprecedented in Brazil and was set up with sustainability at the heart of the business. Aquapolo has the capacity to produce up to 1,000 liters of recycled water per second, which is enough to supply a city of 500,000 inhabitants. It does this by using cutting-edge technological processes, most of which are automated to treat effluents, such as the online control of the entire production process until the recycled water reaches the customer for industrial use.

Located in the Heliópolis neighborhood of São Paulo (SP), the company's main input is sewage treated by Sabesp's ABC Sewage Treatment Plant (STP-ABC). After the treatment process, part of the flow goes to the Aquapolo operation, instead of being sent to the Córrego dos Meninos stream (where the effluent treated by STP-ABC is discharged).



What the water recycling process looks like GRI 2-6

The recycled water produced at Aquapolo reaches the customers of the Petrochemical Complex through a 17-kilometer pipeline (with a 900 mm diameter made of carbon steel), specially constructed for this purpose and designed with distribution points to serve new customers along its length. The pipeline runs from the headquarters in São Paulo, through the municipalities of São Caetano do Sul and Santo André, to supply a distribution tower in Capuava in the municipality of Mauá. From there, a 3.6-kilometer distribution network delivers the water to each of the customers. Ten plants of five clients within the Complex are being

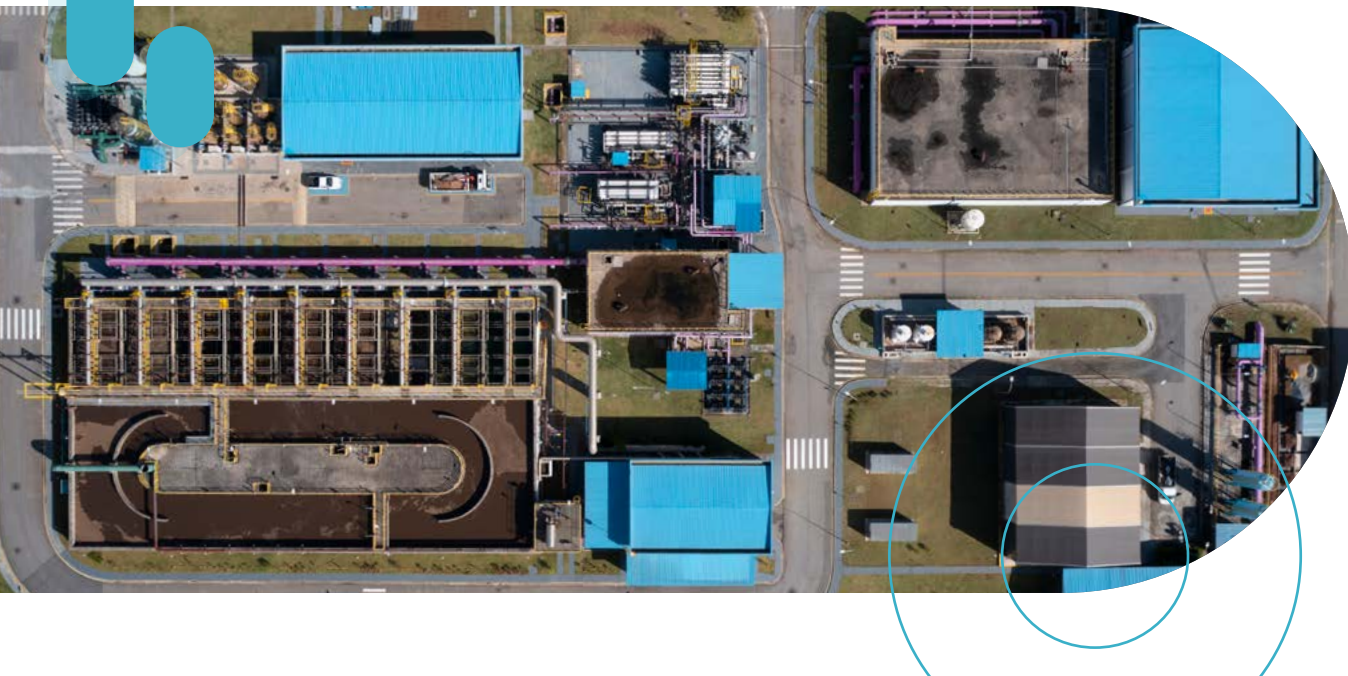
supplied and another four, along the route of the pipeline outside the Complex, are being served under a contract that establishes the quality of the water supplied and has penalties for non-compliance.

The recycled water produced by Aquapolo and used in equipment, such as steam generators, cooling towers and heat exchangers, has physical and chemical parameters similar to those of clean water. These characteristics enable quality and safety in production processes with a view to greater operational efficiency for customers.

Aquapolo maintains reservoirs with a capacity of 35,000 cubic meters of recycled water. This ensures an emergency supply for clients in the event of production downtime or plant maintenance.

The production can also be expanded to new customers since it has the installed capacity as well as the possibility to increase the plant's total capacity, which has been in the plans since the original inception of the project.

This project is considered a success story in the area of sustainability and can be used as a model to be replicated in other industrial centers in sectors that use a lot of water, such as paper and pulp and the steel industry.



Process for producing recycled water for industrial purposes

The treatment process, known as tertiary treatment, is composed of five stages. The first consists of using a biological system. In this stage, microorganisms remove nitrogen, phosphorus and organic matter. This is carried out using a biological reactor (a tank where colonies of bacteria consume organic matter and remaining nutrients).

The effluent then goes through an ultrafiltration process that uses membranes with a porosity of 0.05 microns (1,000 times smaller than a strand of hair) to retain suspended particles, viruses and bacteria.

In order to meet the quality requirements of the contract, some of the water produced also goes through a Reverse Osmosis process (nanofiltration), primarily to reduce conductivity (dissolved salts).

The next step is called blending, in which part of the ultrafiltered water is combined with osmosis water to achieve the contracted quality.

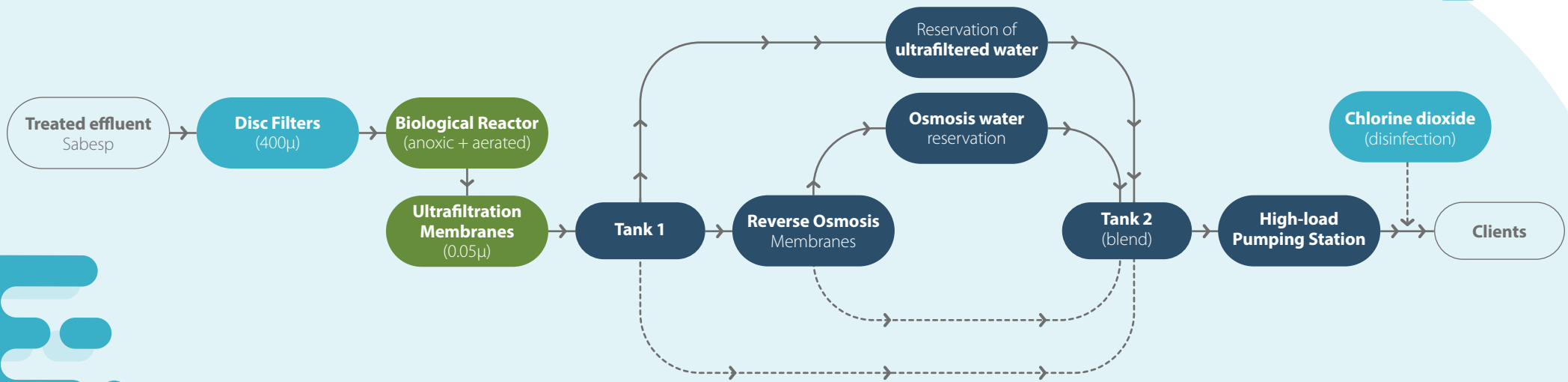
At the end of this cycle, before sending the water to the customer, chlorine dioxide is added to ensure disinfection along the water main and the distribution network located at the Capuava Petrochemical Complex.

Monitoring

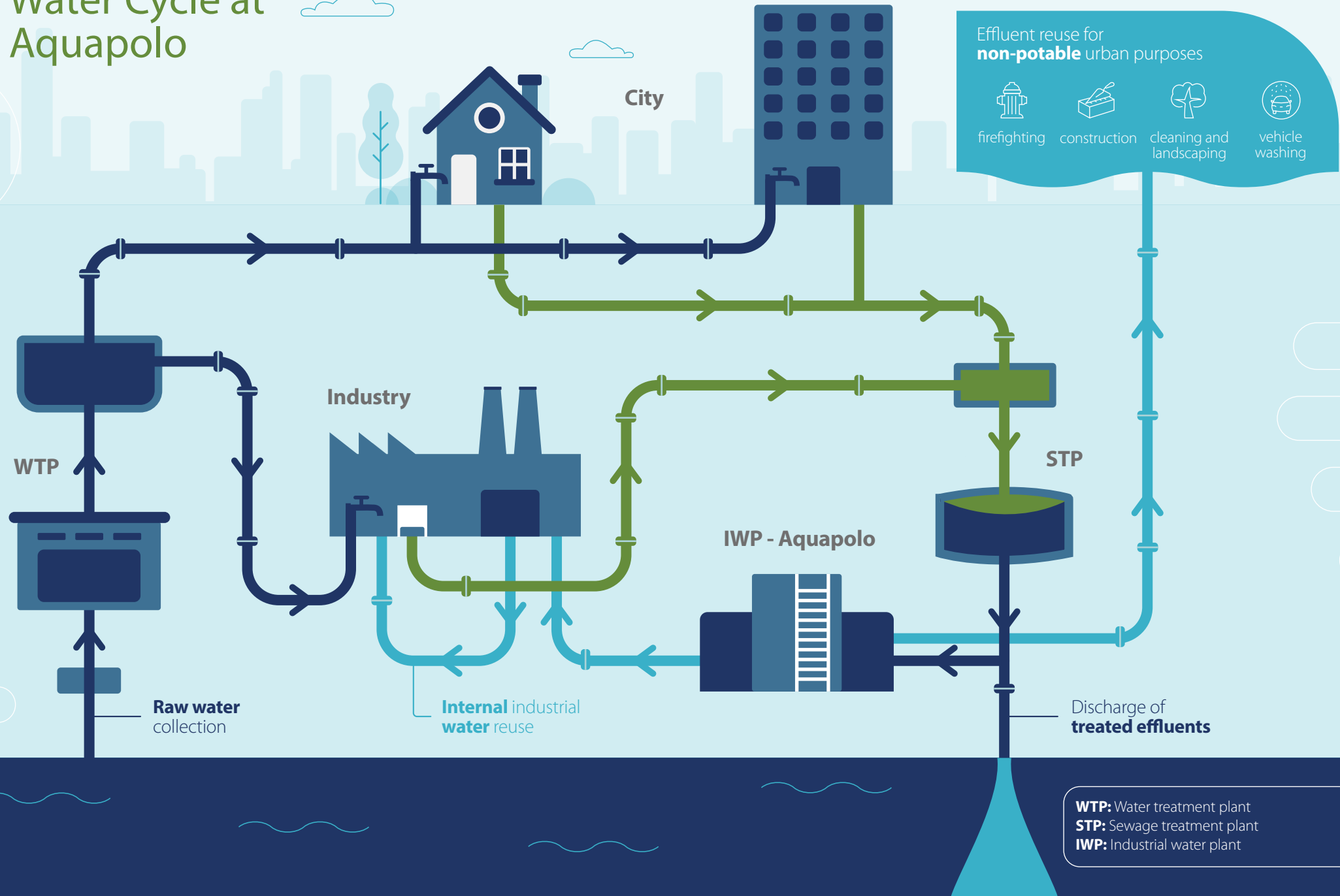
The quality of the water is monitored in real time by an instrumentation system installed in the plant and complemented by periodic lab analyses of various parameters, carried out internally and externally, to ensure the contracted quality of the recycled water remains constant.

See more about every stage of the process by taking the [virtual tour](#) available on the company website.

Water Cycle at Aquapolo



Water Cycle at Aquapolo



Benefits for customers

The main benefit is the guarantee of supply, which enables operational continuity regardless of any restrictive situations. Since the raw material is treated sewage, the input continues to be generated even in situations of water shortage. Aquapolo therefore runs no risk of shortages and can guarantee a continuous supply of recycled water to its customers. Other advantages include:



Access to water of **excellent quality** for its intended purpose



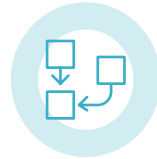
Lowering a variable plant cost, the **cost energy**



Better sustainability indexes, which help lower fees for fundraising and attracting investors



Lowering costs (by reducing the number of chemicals used to treat water obtained from other sources to make it suitable for industrial use)



Lowering costs and **better maintenance planning** (due to lower incidence of corrosion, incrustation and micro-organisms in the equipment)



An **increase in brand awareness**, by associating the companies with sustainability requirements and underlining their commitment to environmental and social responsibility to the market and consumers



Company highlights



Operational availability

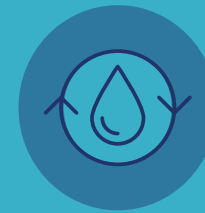
99.99%

of the time i.e. only with scheduled downtime and without cutting the supply to customers



zero

occupational accidents with sick leave in the company's history and more than seven years without any work-related accident



The world's only subsidy-free water recycling project



Quality service in

99.94%

of the time and the rest of the time with deviations that do not have an impact on customers



Customer satisfaction index of

98%



Environmental education of initiatives for more than

6,000

children in the region of ABC and São Paulo

What drives the company

Aquapolo drives its business based on predefined values and culture to ensure unity of thought and actions among employees, meet customer needs, generate value for shareholders and wealth for stakeholders. The values and principles adopted are in line with the parameters established by the company's shareholders.



PURPOSE

Transform and encourage society to recycle water to perpetuate life

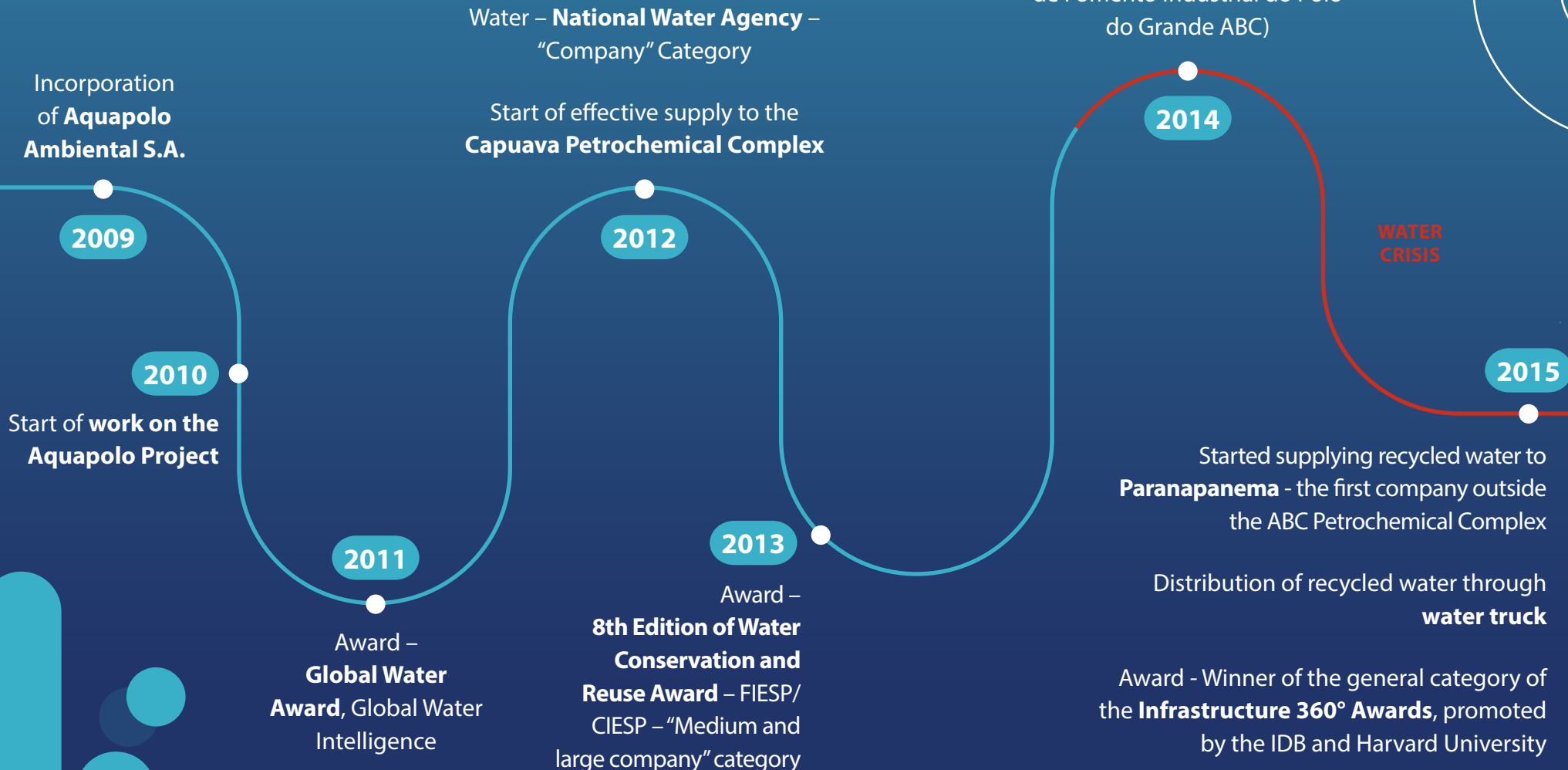
VALUES



- Sustainability and social responsibility
- Care, valuing people and safety
- Generating value for the customer
- Integrity and respect for commitments
- Excellence in service provision
- Originality and innovation

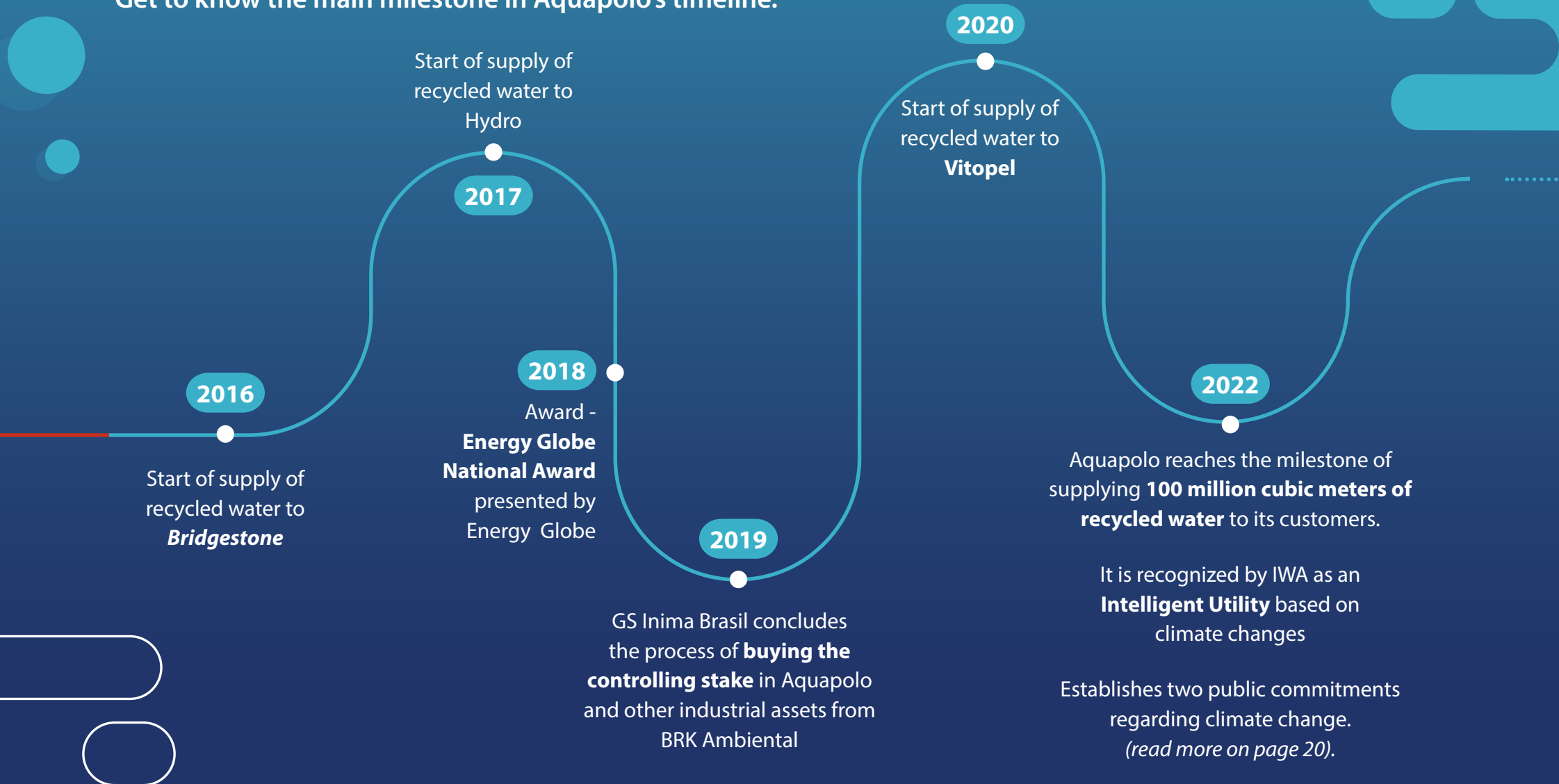
Timeline

See here the main milestones in Aquapolo's timeline.



Timeline

Get to know the main milestone in Aquapolo's timeline.



Membership associations

GRI 2-28

- Latin American Desalination and Water Reuse Association (Associação Latino-Americana de Dessalinização e Reúso de Água - Aladyr)
- International Desalination Association (IDA)
- Brazilian Association of Sanitary Engineering (Associação Brasileira de Engenharia Sanitária - Abes)
- Industrial Development Committee for the ABC Region Industrial Complex (Comitê de Fomento das Indústrias do Polo do ABC - Cofip)

Aquapolo is seeking to join the Brazilian Business Council for Sustainable Development (Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável - CEBDS) through its controlling shareholder to advocate the use of recycled water in various activities.





Sustainability agenda



According to the UN, the growing population will require more and more water for human use, agriculture and energy generation, etc. Water consumption is expected to increase 25% by 2030, according to the United Nations World Water Development Report 2021. Other alarming data shows that the quality of the natural resource is in rapid decline and that water stress (a situation in which the demand for water is greater than its availability and renewal capacity in a given location) is already affecting more than 2 billion people.

In Brazil, despite the country having the largest freshwater reserve on the planet (12%), there are anomalies in distribution and quality, in its relationship between supply and demand and in the application of legal instruments. Faced with a scenario of water scarcity, especially in the southeast region, where 44% of the Brazilian population lives, but where only 6% of the water is available for use, initiatives aimed at recognizing the value of water in its various aspects are becoming increasingly more necessary.

Water stress in the ABC region, a group of cities in the São Paulo metropolitan area, is worsening due to an imbalance between structural supply and demand, polluted water sources and the impact of climate change. With a population of almost 3 million people and more than 24,000 plants, the ABC's water availability is only 130 m³/inhabitant/year, or around 5% of what is recommended by the UN.

In this context, Aquapolo was born sustainable. By using treated sewage as a raw material to produce recycled water for industry, it helps to ease the pressure on available water bodies, which in turn helps to preserve springs and save more water for human consumption. The industry benefits because it no longer has to compete for access to clean water, is less vulnerable to the impact of climate change and, because the supply is guaranteed, it can secure better plans for its operations. The environment and society benefit, and the population has more drinking water available.

Aquapolo adopts principles, such as the SDGs and the 2030 Agenda of the UN, to actively tackle the climate emergency and promote a lower carbon economy.

As such, Aquapolo helps improve the quality of life and the social and economic development of the region.

In conjunction with the sustainable development agenda, Aquapolo adopts principles such as those related to the SDGs and the UN's 2030 Agenda, actively helping to tackle the climate emergency and promote a low-carbon economy. Employees, shareholders and business partners all play a key role in this.

Environmental commitments

Aquapolo plans to join the UN Global Compact and, in 2022, it established two public sustainability commitments, which enabled it to add value to the recycled water, as well as make progress in its ESG agenda:

- Neutralize 62% of its carbon footprint by 2025, and become carbon neutral by 2030;
- Neutralize its direct use water footprint by 2025.

Relationship with the SDGs and impacts

By supplying water through recycling and reinserting treated sewage into a new cycle, Aquapolo operates within the circular economy concept and contributes directly to achieving the five SDGs of the UN's 2030 Agenda.

- **SDG 6** – Clean Water and Sanitation
- **SDG 9** – Industry, Innovation and Infrastructure
- **SDG 11** – Sustainable Cities and Communities
- **SDG 12** - Responsible Consumption and Production
- **SDG 13** - Action against Global Climate Change

The recycling process of water for industrial purposes has a positive impact in a region of water scarcity, such as the Alto Tietê Basin, because it creates greater efficiency in water use and preserves a significant volume of raw water consumption, which becomes available for priority public supply.

Guaranteed supply in a water crisis

During the greatest water crisis in the history of the São Paulo Metropolitan Region, between 2014 and 2015, Aquapolo was successfully put to the test. While in other places, such as the Paulínia (SP) region, factories had to halt production because of the water shortage (and the law requires that priority be given to the distribution of drinking water to the population), the clients of the company in the Capuava Petrochemical Complex continued to operate normally, without any impact or reduction. On the contrary, it had to expand its production at the time, and Aquapolo increased its customer base along the pipeline by including the copper processing industry. After the crisis, industries in other sectors such as aluminum, tires and plastic packaging and films have begun to use recycled water in their processes. In all, Aquapolo's customers consume almost 1 million cubic meters of recycled water per month.

The supply of recycled water by Aquapolo has proved, based on the understanding of the value of water, to be an advantage for industrial management to mitigate the effects of climate change.

Innovation at the service of sustainability GRI 3-3

Investment in technology and innovation at the plant is also essential for the sustainable model that drives the company and the ESG strategy designed for business continuity, to ensure the health and safety of employees and good relations with the surrounding communities. Innovation also means a drop in current waste or loss in the treatment process, which causes less direct impact on the environment.

Since this is a new topic for the company, it will be further developed over the course of 2023 to define the policies, commitments and measures needed to manage it, as well as review its impacts and processes to ensure the effectiveness of the measures taken.

Aquapolo began to centralize initiatives in 2022 under the coordination of a chemical engineer hired for this purpose. It is also looking into the possibility of joining an innovation hub in the city of Santo André to share experiences and contact universities. The **main initiatives in the field of innovation and technology** are:

Energy efficiency

Aquapolo has a new 10-year-old plant equipped with cutting edge, automated technology and that is highly efficient in terms of energy consumption, and is aiming to acquire ISO 50001 certification, an international standard that defines parameters for the implementation of Electricity Management Systems.

Biogas

Establish a partnership with Sabesp to use the biogas generated at the treatment plant as an energy source.

Photovoltaic energy

Evaluate the implementation of solar panels and produce energy from renewable sources to reduce dependence on conventional energy.

Artificial intelligence

Create a platform to control part of the biological reactor's operation. This will optimize energy and increase precision in chemical dosing.

Reuse of filters

Develop a system to clean and reuse osmosis membrane protection filters without having to remove them from the equipment, which will increase their life span and reduce waste generation.

Substitution of chemical products

Change the use of the biocide chemical to prevent microbiological growth on the reverse osmosis membranes, which cannot come into contact with chlorine because this causes degradation. Tests have shown that another chemical, called monochloramine, has the same effect with less cost and risk. Studies are also being conducted to use the product, instead of chlorine, mixed with the water to disinfect the pipes that go to the customers. In addition, this replacement adds value to Aquapolo's client industries.



Partnership with brewery to increase efficiency

One of the first stages in the treatment process for producing recycled water at Aquapolo consists of using a biological system (*read more on page 11*). At this stage, the treatment occurs through microorganisms that remove organic matter, nitrogen and phosphorus; however, since the input derives from sewage treated by Sabesp, there is not enough organic matter to maintain the system's microorganism cycle.

In order to increase the amount of organic matter in this biological system, Aquapolo has partnered with a beer brewery to acquire any product that is non-compliant and that derives from bottle rinsing. It is a material rich in biodegradable organic matter that acts as a nutrient supplement for the micro-organisms in the Aquapolo's biological process.

As a result, both companies gain from the arrangement. Aquapolo stepped up efficiency, improving the quality of the activated sludge and nitrogen removal, while reducing its consumption of chemicals and energy. The beer manufacturer optimized its disposal of effluents, eliminating the use of chemicals and energy for treatment and driving down disposal costs.

Innovation for the future of water

In awareness of the studies on quality and availability of water and global trends in the recycling of this natural resource, the company, which is currently working at 50% of its capacity, has plans to expand its operation:

Spring recharge project

Aquapolo's business model makes it possible to expand the use of the water produced. One of the possibilities is to use the recycled water to recharge springs and natural sources, as a solution to increasing the availability of the resource in water-stressed regions in Brazil. Due to the consequences of climate change and the increase in the world's population, this is a global trend, with real cases such as Orange County in California (USA) and Singapore. This topic, which has already been discussed at the regulatory level in Brazil, is in deliberation by Cetesb, the environmental authority for the state of São Paulo.

Water footprint

Another line of development in the sector is based on the water positive concept. Just as organizations and individuals should have mechanisms in place to reduce their carbon footprint, it is incumbent upon every company or water user on the planet to be aware of their water footprint and work towards replenishing natural sources with clean and treated water ideally at a volume equal to what has been removed from nature.

Aquapolo can become an ally for companies wishing to return to nature the equivalent of what is used in their production and cooling processes, among others, in a similar way to what already happens with carbon credits. This concept of offsetting the water footprint is directly related to initiatives to fight climate change and can be extended to other water-intensive sectors, such as agriculture, as well as individuals.

For every liter of recycled water used, 1 liter of clean water is saved for use in more noble causes, such as human consumption

Recycled water for urban purposes GRI 203-1

This involves the distribution of recycled water for fire-fighting systems, excavation systems, drilling, construction, vehicle washing and landscape irrigation of squares and parks, as well as other uses.

The development project to comply with the regulations that provide for the supply of recycled water for urban purposes is at the stage of quality monitoring campaigns, issuing reports and contacting regulatory bodies. The use of recycled water is expected to increase, generating positive impacts for the client and the community (greater availability of clean water).

Supply hub

The idea would be to build a supply hub, in other words, a water truck spout along the pipeline, between the towns of Santo André and Mauá, to serve small industries. Transportation would be carried out by a partner.



Materiality

GRI 2-29, 3-1

Aquapolo created its first Materiality, as seen in this report, with the help of a specialized consulting firm. The matrix defines and prioritizes 11 material topics, taking into account the company's greatest ambitions, the financial and socio financial impacts, as well as the goals and plans involved in managing the business.

The starting point was a general list of 20 potentially relevant ESG issues for the company, for consultation with key stakeholders and experts: employees, suppliers, customers, banks, senior management and shareholders. The process included an online and focus group survey, with 81 responses.

General list of 20 ESG topics

- | | |
|---|---|
| 1. Biodiversity and Ecosystems | 11. Transparency and Relations with Key Audiences |
| 2. Energy Efficiency | 12. Occupational Safety |
| 3. Atmospheric Emissions | 13. Ethics, Integrity and Compliance |
| 4. Climate Strategy | 14. Supply Chain Management |
| 5. Water and Wastewater Management | 15. Risk and Emergency Management |
| 6. Residue and Waste Management | 16. Product Life Cycle Management |
| 7. Respect for Human Rights | 17. Innovation and Business Resilience |
| 8. Attracting, Developing and Retaining Employees | 18. Privacy and Data Security |
| 9. Diversity, Inclusion and Equity | 19. Product Quality and Safety |
| 10. Health and Well-being | 20. Government Relations and Advocacy |






In all, the work consisted of **four stages**:

- 1. IDENTIFICATION**
Mapping the company's audiences and impacts through sector studies and analysis
- 2. PRIORIZATION**
Survey of stakeholder perceptions through consultation
- 3. ANALYSIS**
Assessment of results and analysis of topics
- 4. VALIDATION**
Validation by senior management







Ultimately, the most important material topics for the stakeholders of the company were identified, each of which were related to GRI indicators and the SDGs.

A SWOT analysis was then drawn up after the materiality assessment to pinpoint positive and negative impacts, both real and potential. These impacts were prioritized based on benchmarking and materiality.

GRI 3-2

MATERIAL TOPICS	DESCRIPTION	GRI INDICATOR	SDG	WHERE IT HAPPENS	STAKEHOLDERS
 <p>1. Ethics, Integrity and Compliance</p>	<p>Ensure adherence to the ethical culture by establishing a more structured governance for the topic: policy, disclosure of whistleblowing channels for the audience and communications. Training on expected behavior at all hierarchical levels, especially those who deal with public entities.</p>	<p>205-1 205-2 205-3 206-1 207-1 207-2 406-1</p>	<p>1, 5, 10, 16, 17</p>	<p>Internally and externally</p>	<p>Senior management Shareholders Customers</p>
 <p>2. Energy Efficiency</p>	<p>Investment in energy from renewable sources to reduce dependence on the electricity grid and minimize impact. Analysis of opportunities for efficiency gains in energy consumption.</p>	<p>302-1 302-3 302-4 302-5 305-2 305-4</p>	<p>3, 7, 8, 12, 13, 14, 15</p>	<p>Internally and externally</p>	<p>Customers Employees Suppliers</p>
 <p>3. Water and Wastewater Management</p>	<p>Management and availability of recycled water for the industries in the region. Production management, availability and access to the product. Management of raw materials in the form of effluents. Contribution to the water resilience of the region. Innovations to scale up the efficiency of the production process.</p>	<p>303-1 303-2 303-3 304-4 305-5</p>	<p>2, 8, 12</p>	<p>Internally and externally</p>	<p>Shareholders Customers Suppliers</p>
 <p>4. Occupational Safety</p>	<p>This topic is quite well-developed and recognized as a strength of Aquapolo but it must continue to be a management priority.</p>	<p>403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-8 403-9 403-10</p>	<p>3, 8, 16</p>	<p>Internally and externally</p>	<p>Senior management Customers</p>
 <p>5. Innovation and Business Resilience</p>	<p>Investments in R&D to tap into new markets and ensure adherence to climate change and the consequent transformations that are taking place in the region where Aquapolo is located and in clients' businesses.</p>	<p>3-3</p>		<p>Internally</p>	<p>Senior management</p>



MATERIAL TOPICS	DESCRIPTION	GRI INDICATOR	SDG	WHERE IT HAPPENS	STAKEHOLDERS
 6. Climate Strategy	Identification of risks and opportunities related to climate change, including governance and positioning (commitments, targets and policies, etc.).	201-2 305-1 305-2 305-3 305-4 305-5 305-6 305-7	3, 7, 8, 12, 13, 14, 15	Internally and externally	Senior management Customers
 7. Attraction, Development and Retaining Employees	Career plan, recognition and development opportunities. Employee retention Attracting new profiles. Activate the company's purpose among the team.	401-1 401-2 401-3 404-1 404-2 404-3 405-2	3, 5, 8, 10	Internally	Employees Senior management
 8. Supply Chain Management	Approval of suppliers based on social and environmental criteria. Assessment of socio-environmental risks and periodic monitoring and follow-up. Engagement for sustainability topics. Open channel for innovation and joint search for new solutions.	308-1 308-2 414-1 414-2	5, 8, 16	Internally and externally	Customers Senior management
 9. Product Quality and Safety	Managing the quality and safety of the product. Monitoring the process to ensure ongoing improvement.	203-1 203-2	1, 3, 5, 8, 9, 11	Internally and externally	Senior management Shareholders
 10. Risk and Emergency Management	Prevention and mitigation of critical incidents, including emergency and contingency plans.	3-3		Internally and externally	Senior management Shareholders Customers
 11. Government Relations and Advocacy	Definition of a strategy for the recycled water cause and mapping of priorities and audiences in government and strategic entities.	415-1	16	Internally and externally	Senior management

Social and Environmental Care



Social and Environmental Care

GRI 2-29

With the aim of transforming and inspiring society by recycling water, the company uses the best socio-environmental and corporate governance practices

With the aim of transforming and inspiring society by recycling water to perpetuate life, Aquapolo is working to ensure water sustainability and the future of humanity. The company is also aligned with the SDGs of the UN and its management is guided by the best socio-environmental and corporate governance (ESG) practices.

Social and environmental issues are monitored in accordance with the relevant law. Decisions are made at monthly meetings of the Quality, Health, Environment, Safety and Energy (QHESSE) area, which is in charge of management and reports on these topics.

Engagement with clients takes place at an organizational level and in specific projects aimed at disseminating the business, the benefits of recycling water and the sustainability solutions and commitments established by clients and Aquapolo.

Accountability, the approval of projects or investments and new contracts are presented every quarter to the Board of Directors, which also deliberates on solutions and commitments linked to sustainability and Aquapolo's social impact projects (*see more in Governance*).



Water and Wastewater Management

GRI 3-3, 203-2, 303-1, 303-3, 303-4, 303-5

Efficient water management, which is essential for the livelihood and development of society, is the subject of international debate. In this context, the company strives for continuous process improvement and invests in innovation to avoid waste. Aquapolo consumed 11,225.85 megaliters of water in 2022 - taking into consideration all areas, including water stressed regions.

The recycled water produced by Aquapolo is used internally in the cleaning and backwashing stages and any loss and waste from the process is continually monitored (osmosis waste, backwashing

fluid, etc.). After the full treatment process, the recycled water is sent to the company's customers, who use it in their industrial processes, mostly in cooling towers or boilers, thus eliminating the need to use clean water or water from other sources. In 2022, the company achieved the lowest loss rate in the process - around 9% over the lifecycle of the project. The company has no losses in its distribution system (pipeline) and has a real-time leak detection system in place that uses ultrasound.

The approach used to identify water-related impacts is one of total control, online, for efficiency purposes. The

scope of the assessment is made up of the company and its clients, through indicators and process monitoring. Internal communication with employees and customers with the aim of increasing efficiency (quantity and quality) in water resources is constant.

The impacts of this issue on the local economy and the region in which Aquapolo operates are positive because its clients, by using recycled water, are able to rely on a quality input and a stable supply that ensures operations. This enhances the predictability and stability of business, generating more investment and jobs.

In addition, water recycled for industrial use minimizes the competition for raw water resources in nature by the industrial sector and the population, which has priority in its use, especially during times of scarcity and in regions under water stress. This topic is currently managed through a monthly analysis of efficiency indicators of loss and quality assurance as well as supply to customers. Aquapolo will improve impact management for the next cycle.



In the context of supplier management regarding this topic, internal procedures are conducted to qualify and enable the supply chain (due diligence), as well as to monitor actions for environmental impact control and recommend best practices. The legal requirements monitored by the IUS Natura software (*see more in Suppliers*) were also incorporated.

Aquapolo is supplied by Sabesp in places where clean water is needed, such as in the cafeteria and the locker rooms. The other processes from this activity use the recycled water produced for the backwashing of filters for example.

The company is preparing to carry out an inventory of its water footprint in order to meet its public commitment to neutralize its direct-use water footprint by 2025. An advocacy program is also being structured to promote water recycling legislation.

Only effluents generated by the reverse osmosis process are discharged in the same body of water to which Sabesp sends the effluents treated at STP-ABC in the Córrego dos Meninos stream. The volume generated is diluted by the volume released by Sabesp and has no impact on the body of water. The other effluents are directed to the beginning of the ABC Sewage Treatment Plant, recirculating in its process.

During the period, we did not identify any real or potential adverse impacts and we did not receive any notices from the relevant entities.

Total water withdrawal from all areas and all areas with water stress¹, by source (ML) **GRI 303-3**

SOURCE: THIRD-PARTY WATER ²	WATER VOLUME
Fresh Water (≤1000 mg/l of Total Dissolved Solids)	1.22
Other waters (>1000 mg/l of Total Dissolved Solids)	12,649.912
Total	12,651.132

¹ Since this is the São Paulo region, all the water withdrawals are in locations considered to be water-stressed.

² Third-party water means water from the public distribution network.

³ Secondary water used as an input for the production of recycled water.

Total water discharge in all areas and all areas with water stress¹, by source (µL) **GRI 303-4**

SOURCE TYPE	WATER VOLUME
Water sent to third parties	1,425.28
Fresh Water (total dissolved solids ≤1,000 mg/L)	0
Other types of water (total dissolved solids >1,000 mg/L)	1,425.28

¹ Since this is the São Paulo region, all the water withdrawals are in locations considered to be water-stressed. Since it is located within Sabesp, all the effluents generated by Aquapolo return to the beginning of the process. Therefore, there are no substances of concern given that the quality of the waste is equal to or better than what was received.

Energy GRI 3-3, 302-1, 302-3, 302-5

Aquapolo strives to optimize and streamline renewable and non-renewable natural resources, including energy efficiency and the fight against waste. To achieve this goal, the company plans to purchase energy from renewable sources. Another line of action is the possibility of using a photovoltaic matrix. A conceptual study shows that between 10% and 20% of the energy used in the company could derive from photovoltaic cells. A third option under study is the use of biogas, originating from the sludge produced by Sabesp at the STP.

The main potential negative impacts of Aquapolo include the failure to achieve possible targets, the contribution to the need for hydroelectric plants and the consequent flooding of areas. The real negative impact is GHG emissions. To prevent and mitigate these impacts and reduce energy consumption, the company has automated oxygenation in the biological reactor and optimized equipment operating schedules.

To manage impacts, it monitors energy consumption online based on equipment activation.

For energy efficiency, the company has energy measurement and monitoring systems and a Power View telemetry system.

The following targets have been set for 2023:

1. Create an operating procedure to raise the average conductivity sent to customers to the minimum level of 480 $\mu\text{S}/\text{cm}$, with due operational and contractual security regarding the Sum of Non-Compliant Hours (Somatória de Horas Não Conformes - SHNC). This target will reduce the use of reverse osmosis, the plant's second largest energy consumer;
2. Automate the operation of the blowers in the biological reactor. This goal aims to reduce the use of blowers, the third largest energy consumer in the plant; and
3. Preparing Aquapolo for ISO 50001 - Energy Efficiency certification. This goal seeks to recognize the good practices and technologies applied to better use the unit's energy resources of the unit.

The decision to implement the ISO 50001 standard over the next few years has led to a study of energy efficiency in the plant and the digitization of some data. The project has brought to light bottlenecks where action could be taken to improve efficiency.



0.00357

Energy intensity¹, ratio for the organization GRI 302-3

¹ Energy intensity was calculated by dividing the total energy consumption within the organization by the cubic meters of water produced.

Energy consumption¹ (GJ) GRI 302-1

SOURCE	2022
Fuels from non-renewable sources	182.40
Diesel	9.6
Gasoline	172.8
Fuels from renewable sources	0
Energy consumed (electricity)	39,333.25
Energy sold	0
Total energy consumed	39,515.65

¹ The conversion factors used are: 1 m³ gasoline = 36.00648 gigajoules; 1 m³ diesel = 41.03064 gigajoules; and 1 kilowatt-hour = 0.0036 gigajoules.

Climate Strategy

GRI 3-3

Targets were set in December 2022 to assess the carbon footprint and the water footprint. Based on this, policies, commitments and necessary measures will be developed to manage the issue and its impacts, as well as establish processes to ensure the effectiveness of the measures.

A potential negative impact related to this issue is ozone layer pollution. The real impact is caused by the emission of chlorofluorocarbons (CFCs) emitted by air-conditioning equipment. Aquapolo also has a positive impact because it contributes to the availability of raw water from natural sources in water-stressed areas. As a potential positive impact, it is worth pointing out the increase in availability of natural sources and the regeneration of springs and water bodies.

Emissions

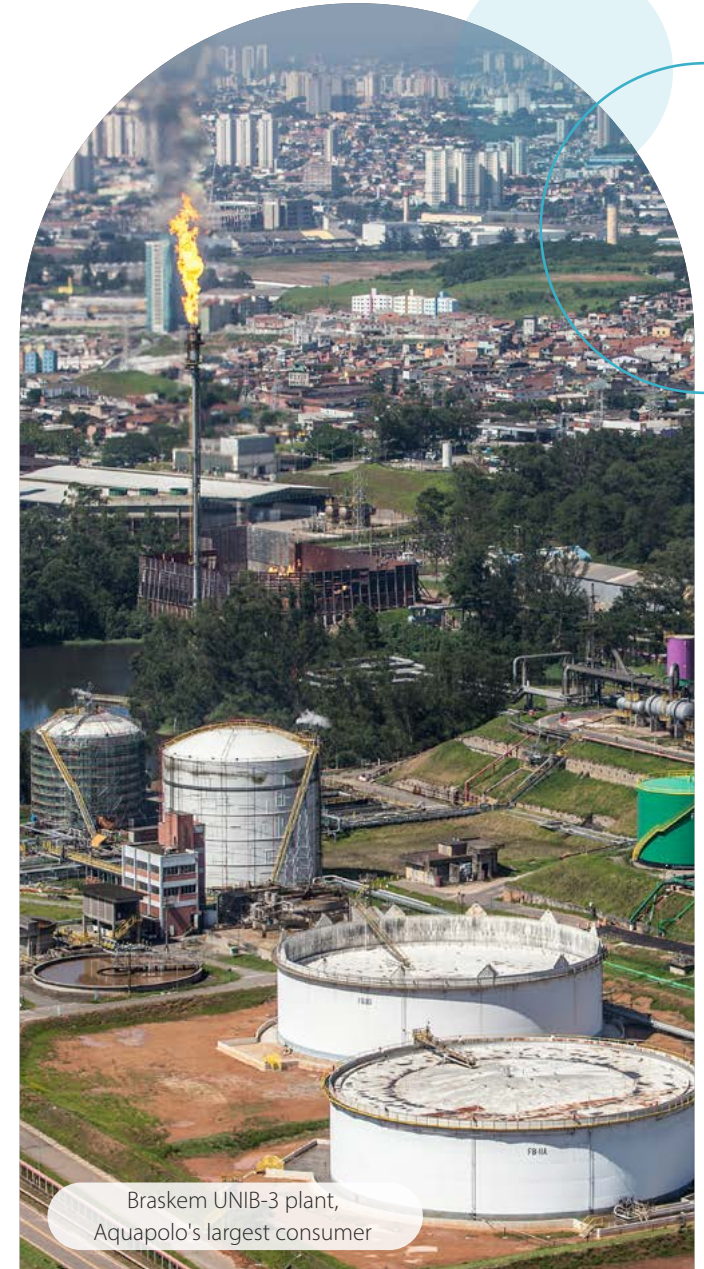
GRI 305-1, 305-2

In line with its public commitment to neutralize 62% of its carbon footprint by 2025 and become carbon neutral by 2030, Aquapolo drew up its first GHG inventory, in scopes 1 and 2 based on year 2022. The operational control approach was used to consolidate emissions. The conversion factors used are those of the Brazilian GHG Protocol Program and the numbers provided by the Ministry of Science, Technology and Innovation for updating the Brazilian grid factor.

Direct GHG emissions¹
(t CO₂ equivalent) GRI 305-1

	2022
Stationary combustion	1.56
Mobile combustion	5.93
Fugitive emissions	3.87
Liquid effluents	264.68
Total gross CO₂ emissions	276.04

¹ The following gases were included in the above calculations: CO₂, CH₄, N₂O and HFCs



Braskem UNIB-3 plant,
Aquapolo's largest consumer

10.30

Biogenic CO₂ emissions
(t CO₂ equivalent) GRI 305-1
Scope 1, 2022



446.572

Indirect emissions from
energy acquisition¹
(t CO₂ equivalent) GRI 305-2
Scope 2, 2022

0.057

Intensity of GHG²
2022 emissions GRI 305-4

¹The following gases were included in the above calculations: CO₂, CH₄, N₂O and HFCs. The localization approach was used and no biogenic CO₂ was emitted for this scope.

²The following gases were included in the above calculations: CO₂, CH₄, N₂O and HFCs. The total emissions from scopes 1 and 2 in kgCO₂ equivalent were used for this calculation. The volume of treated effluent produced during the period, amounting to 12,649,912 m³, was used as the denominator to calculate the intensity of emissions.

The use and replacement of HCFC 22 gas in 2022 was responsible for the emission of 0.28 kg of CFC-equivalent. The company does not manufacture, import or export any ozone-depleting substances.

GRI 305-6

The company does not monitor emissions of NO_x, SO_x or other pollutants and particulates. The emissions of this pollutant are considered minimal, if any at all, based on the activities of the company.

GRI 305-7



Braskem UNIB-3 cooling towers
using recycled water

Waste and the circular economy

Based on the "Think Circular" concept, Aquapolo is committed to achieving maximum circularity in waste generated in the operation. To put this into practice, the company has implemented the *Destino Certo* (Proper Destination) Program, which promotes the sustainable management of waste and use of materials aimed at better use of natural resources, through the enhancement of new business models and the priority use of more durable, recyclable and renewable products.

Some of the waste already mapped includes a small amount of chemicals (the result of cleaning tanks, for example); low amount of sludge (which ends up being sent to landfill along with the Sabesp sludge); waste from the osmosis process (filtering results in brackish water, which is disposed of in the same body of water where Sabesp sends the treated effluents, whose salinity is higher - in this context, the volume ends up being diluted and has no impact on the river); some maintenance waste (such as filters, for which there is a reuse project); and lubricating oil (the correct disposal is done in partnership with companies that reuse it).

In terms of administrative waste (organic, paper and glass, etc.), all that can be recycled is sent to

recycling, while organic waste and sanitary waste is sent to a landfill. Another initiative, in partnership with a Braskem plastic reverse logistics program, aims to reduce the environmental impact caused by improper disposal of this material (plastic cups) and promote the circular economy. The waste is sent for recycling, undergoes a transformation process and is made into new products such as pens, garbage cans and other utensils.

With the purpose of further promoting reverse logistics, we have joined the program for the proper disposal of post-consumer aerosol cans, managing the return and proper treatment of aerosol cans generated by the company and our employees.

Since these are pressurized packages, improper disposal of this flammable waste poses risks not only to the environment, but also to the physical integrity of the people who handle it. Reverse logistics for post-consumer aerosols ensures that all components (aluminum/iron, plastic, gas and liquid) are properly managed and recycled, which helps save natural resources, promote sustainability and mitigate health and safety risks.

In addition to committing to the circularity of the waste generated in the operation, Aquapolo prioritizes the use of more durable, recyclable and renewable products

We have defined metrics and criteria that enable us to evaluate the company's progress towards the goal of completely eliminating the disposal of waste in landfills. The point of this indicator is to ensure a decline in the amount of waste that ends up in sanitary and industrial landfills, encouraging more sustainable waste management practices, contributing significantly to reducing the carbon footprint and consequently mitigating the effects of climate change.

In order to achieve this goal, a number of studies are being carried out to reuse organic waste in agricultural inputs through composting. We are also looking for partners to recycle/recover all waste that are considered rejects, including sanitary waste, waste from construction sites and sweeping.

In turn, waste classified as hazardous is sent to co-processing because it is harmful to the environment. This practice consists of using waste as a partial substitute for conventional fuels such as coal or oil in the manufacture of cement, lime and other industrial processes, providing environmental and economic benefits such as: reducing the amount of waste sent to landfills, reducing GHG emissions and conserving natural resources, as well as recovering waste.

As part of the operation, the cartridge filter backwashing pilot project is expected to cut costs and landfill waste, as well as maintenance/replacement time and, indirectly, reduce the carbon footprint in the chain. This is a commercial investment worth BRL 200,000 and with a duration of four months that involves the Operations and Maintenance areas.

There is no reduction target yet but the first step is to quantify the waste produced by Aquapolo.

The *Destino Certo* (Proper Destination) Program is part of *Hidrosfera*, GS Inima Brasil's sustainability strategy (read more in the box), and provides incentives for circular economy initiatives, supplier assessment and development, training and local development. According to this outlook, sustainability is not just an idea that benefits society but is rather a systemic whole that also offers positive consequences for companies and the market.

Dynamics of the *Destino Certo* (Proper Destination) Program



Hidrosfera

Transversal to all dimensions of GS Inima Brasil and its companies, and aligned with the SDG agenda and the ESG vision, the *Hidrosfera* must increasingly function as a key factor in every decision-making process and must encompass all the services, processes and relationships of the group's companies.

This is a sustainability strategy that is anchored on the principle that the result will only be

good for the company if it is also good for all its stakeholders, which broadens the meaning of work, what results are and what success is. At *Jornada Hidrosfera*, there is an awareness that the greater the evolution and learning about current and future challenges, the more work and opportunities for improvement will emerge, valuing innovation to transform Brazil and the world.



Community

After mapping the community leadership of the surrounding region, Aquapolo is structuring its social responsibility strategy

Aquapolo's relationship with the Heliópolis community surrounding its operations is guided by its mission to transform and inspire society through water recycling and has until now taken place through specific actions, which were stepped up during the COVID-19 pandemic.

During this period, the company donated food parcels, hand sanitizer, other personal hygiene items and masks. Employees also made voluntary commitments through donations. In addition, there is annual participation in solidarity campaigns, such as the Warm Clothing Campaign. The actions are organized by the Quality, Health, Environment, Safety and Energy (QHESE) area, with support from the Administrative-Financial area.

In an effort to set up a relationship program and raise funds for socio-cultural and environmental education initiatives in the community, the company hired a

consulting firm in 2019 to carry out a systematic and professional assessment of local leaders and entities. This mapping is expected to become the basis for the development of Aquapolo's social responsibility strategy, which will set targets, allocate funds and control mechanisms. The idea is to work with local partners, gain traction in regard to this topic and participate in major initiatives.

To this end, the company is in contact with its shareholders to align expectations within the ESG strategy and make progress in structuring the plan. It is also worth mentioning that GS Inima published in 2023 its Social Responsibility and Sponsorship Policy, which applies to all the group's companies. This document aims to guide the process of choosing beneficiaries and deciding whether to support actions, as well as provides mechanisms for monitoring and controlling the allocation of funds.

Cultural transformation

On another front, Aquapolo participates in lectures, events and seminars to disseminate the importance of water recycling in society and its role in helping overcome the challenge of climate change. One of these events, organized by Aladyr, is called the Water Olympics. Aimed at elementary school students from public and private schools in Brazil and Latin America, its objective is to raise awareness among this audience in regard to the importance of valuing water and wastewater and the commitment to efficient and sustainable water resource management.

Also in the field of environmental education, the company contributed in 2015 and 2016 to the staging of a children's play on the subject, which was shown to more than 6,000 children from public schools in the ABC region and in the city of São Paulo.



The company
focuses on
environmental
education
initiatives

Sponsorship

Water Museum: Recently (2021 and 2022), Aquapolo allocated BRL 220,000 to sponsor the Water Museum, which will be built in São Paulo. It will be an interactive space with permanent and temporary exhibitions, a place of experiences for learning about the different forms of water, its uses, its integration with nature and its importance to society.

Documentary "O Futuro das Águas, Desafio do Século" (The Future of Water, Challenge of the Century): This documentary, released in 2022 and directed by Camilo Tavares, was sponsored by Aquapolo. The film takes a critical look at current water challenges and gives examples of solutions in sanitation management and water reuse in industry. The Aquapolo success story is presented as a response to current water shortages.

Click [here](#) to watch the documentary



People

GRI 2-7, 2-8

Concern for the value, safety and quality of life of employees is part of the Aquapolo strategy. The relationship is based on transparency and ethics and abides by the parameters of the Code of Integrity. With a streamlined workforce of 40 people in December 2022, the administrative areas work in a hybrid format (with work from home once a week, introduced in 2023). There is no such option for workers linked to the operation. All have permanent, full-time contracts.

Aquapolo's sector is traditionally occupied more by male professionals, especially in the operational area. However, in the administrative area, in the team of 14 people, there are more women (eight). There are 32 men in the whole company. **GRI 2-7**

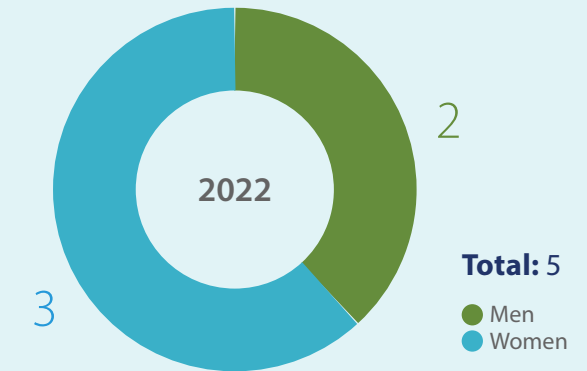
There is no established policy on diversity in the company but when hiring in the Operations area, opportunities for female candidates are guaranteed. There are currently no trainees on the team. The internship program is only set up when necessary.

Aquapolo's plan focuses on employee appreciation, safety and quality of life. The Code of Integrity governs this relationship, which is based on transparency and ethics.

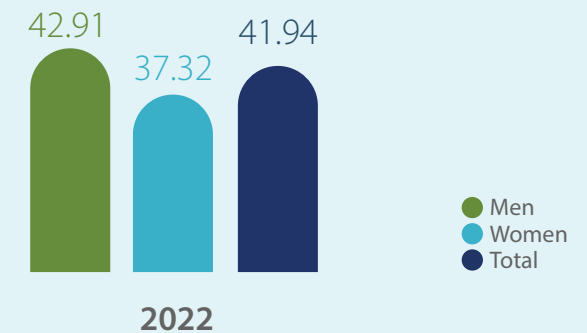


Workers who are not employees and whose work is controlled by the organization by gender GRI 2-8

Outsourced¹



Average hours of training per employee, by gender GRI 404-1



¹ We use the count of each provider to identify if it is outsourced or not. Because we are a small group, we can visibly differentiate between contractors (CLTs, labor laws) and outsourced workers.

Development programs

GRI 404-1, 404-2, 404-3

The company has structured an Annual Training Plan (ATP) based on assessments carried out with employees. The plan offers the option of seeking both external and internal training to enhance skills and enroll in refresher courses. One-off external courses are usually fully subsidized by the company. Exceptions are undergraduate, postgraduate and MBA courses, which are partially funded. A total of 18 training sessions were held in 2022 based on the suggestion of managers, who perceived the need through conversations with the teams.

During this period, GS Inima structured the Individual Development Plan (IDP) and trained employees to use a management platform. The Strategic People Assessment stage began in early 2023. This will be followed by the feedback phase for the teams and registration of the IDP of the employees. This document will be used as the basis to organize the ATP for the next cycle.

There is currently no career transition follow-up program at Aquapolo. And during this period, third parties received no training.

Average hours of training per employee, by job category GRI 404-1

	2022
Board	4.00
Management	4.00
Coordination	8.00
Expert	12.00
Analyst	20.85
Operational	40.26
Administrative	448.60
Total	41.94

Employees receiving regular performance reviews, by job category (%) GRI 404-3

	2022		
	MEN	WOMEN	TOTAL
Board	100	N/A ¹	100
Management	100	100	100
Coordination	100	N/A	100
Expert	N/A	100	100
Analyst	100	100	100
Operational	100	100	100
Administrative	100	N/A	100
Total	100	100	100

¹ Not applicable since there is no employee in this job category and gender for the percentage calculation

Working during the COVID-19 pandemic

During lockdown, the company defined a work-from-home schedule for its administrative staff. Adapting to the new situation was effortless because a Virtual Private Network (VPN) service was already in place so everyone could access the system remotely and securely. In addition, the employees were already using notebooks, which made the change easy to put in place. The maintenance and operations staff, who are considered essential services and need to be carried out in person, created a change in shifts. Shifts of 12 hours per 36 hours were created so that there was always a team on standby if the need should arise. In this way, it was possible to ensure uninterrupted operation with no impact in terms of results.

Average hours of training per year per employee GRI 404-1

	2022
Outsourced	0
Total	0

Attracting and retaining talent

GRI 2-19, 401-1, 401-3, 405-2

The company has a streamlined team and traditionally values promoting internal talent to fill positions in the company. As such, Aquapolo's vocation is to train the workforce but turnover can occur due to career development or other factors related to employability.

The company intends to structure a Job and Salary Plan in 2023 to better address turnover issues.

As a practice for all employees, including the board of directors, the company offers an annual Profit Sharing Scheme in addition to fixed remuneration (salary), benefits and variable remuneration. There is also a private pension option, freely chosen by the employee, corresponding to between 1% and 12% of their gross salary, with the following contributions from the company, according to percentage: from 1% to 4% of salary, the company contributes 30%; from 5% to 9%, the contribution is 40%; and from 10% to 12%, the contribution is 50%.

The increase in total annual percentage, which takes into account the highest remuneration paid and the average annual total remuneration for other employees, was 7.33% in the period; and the ratio of the increase in the highest remuneration paid to the increase in total/average remuneration was 0.98%.

GRI 2-21

With regard to benefits, the company offers all employees maternity and paternity leave, health insurance, life insurance and a private pension plan. The package, in line with best market practice, also includes a dental plan, a gym pass and parking, as well as transport vouchers, meal vouchers or food vouchers.

GRI 401-2

The ten working days stipulated by law are followed in the case of terminations. In the case of professionals receiving a study incentive grant, if the employee requests to leave the company during the term of the grant, they will have to return the amount paid by the company for the period during which they took the course.

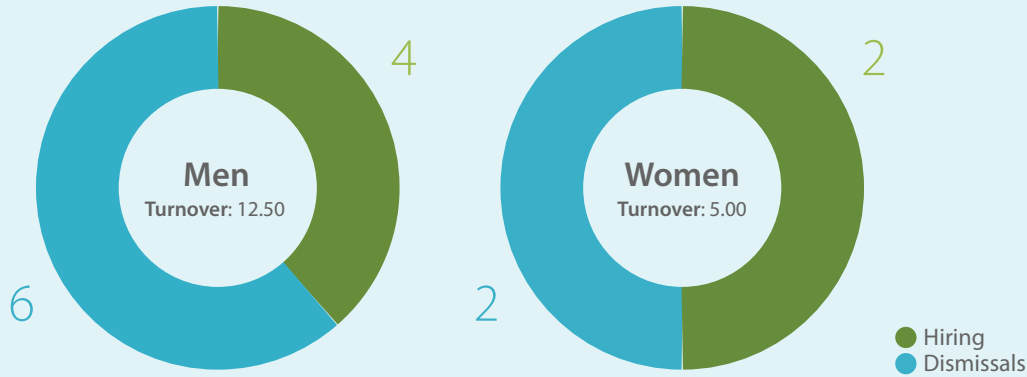
Parental¹ leave GRI 401-3

	2022	
Employees who were entitled to take the leave	Men	32
	Women	8
Employees who took the leave	Men	1
	Women	0
Employees who returned to work during the reporting period after their leave of absence ended	Men	1
	Women	0
Employees who returned to work after their leave and were still employed 12 months after their return	Men	1
	Women	0
Return rate	Men	1
	Women	-
Retention rate	Men	1
	Women	-

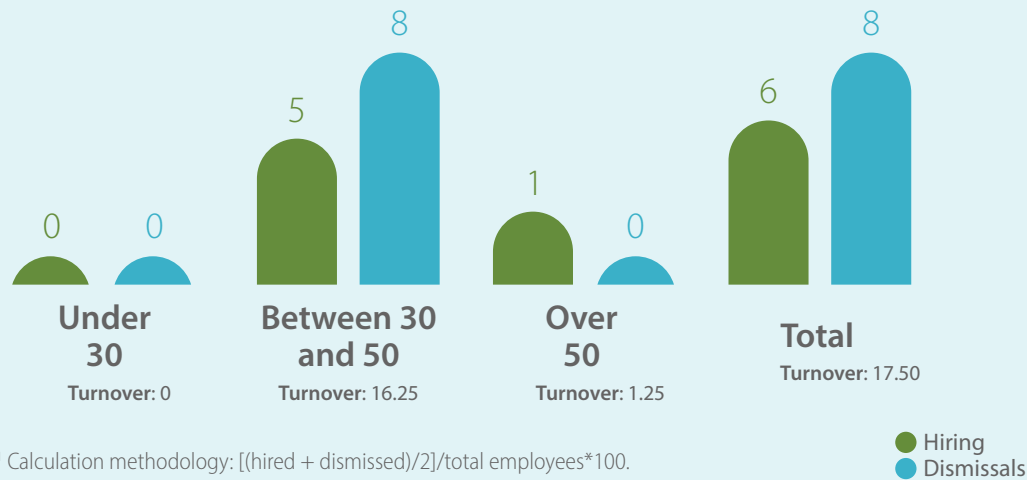
¹ In 2021 and 2022, no women went on maternity leave.

Turnover¹ GRI 401-1

By gender



By age group



¹ Calculation methodology: $[(\text{hired} + \text{dismissed})/2]/\text{total employees} * 100$.

Ratio of basic salary and remuneration of women to men, by job category **GRI 405-2**

JOB CATEGORY	BASIC SALARY	REMUNERATION
Board	N/D ¹	N/D
Management	0.61	0.63
Coordination	N/D	N/D
Expert	N/D	N/D
Analyst	1.07	1.06
Operational	0.81	0.85
Administrative	N/D	N/D

¹ Not available because there is no person occupying the same position as the other gender to make this calculation possible.



Dialogue and engagement

The engagement and sense of belonging of the employees is based on the relevance of the product supplied by Aquapolo and its positive impact on society and the environment. Employees are aware that their work can influence the future of water management and the supply of clean water to the population. The company, however, does not have a formal survey about the engagement within the company.

Senior management values interaction and dialog with employees regardless of their position and believes in always having open doors. Interaction with team managers is constant in order to keep management up to par with day-to-day decisions. The involvement of the board of directors is more assertive in situations of greater complexity, such as investment decisions, communication with clients, communication with a public entity.

One of the main initiatives for team engagement is the Coffee with the Board. This is a monthly meeting held with teams and senior management to answer

questions, align expectations and make suggestions in an informal setting. In 2022, 12 events were held throughout the year, on a monthly basis, of which the teams attended at least two of them.

Other actions take place on specific dates, such as celebrations related to the environment (Tree Day, among others), the zero accident rate, meetings to announce targets and recognize achievements. An example of this was the event that took place in December 2022 to celebrate ten years of Aquapolo. It was attended by representatives of the shareholder companies and authorities and all employees took part.

Coffee with the Board helps employees engage and the teams can meet the senior management for a relaxed chat

Healthy and safety at work

GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-10

Aquapolo invests daily in engaging its employees in a culture of health and safety at work. There is a lot of work involved in detecting and mitigating risks, which includes the use of personal protective equipment (PPE) to prevent the risk of biological contamination, raising awareness about the risks involved in operating the plant, training about health and safety at work and inspections. The Quality, Health, Environment, Safety and Energy (QHESSE) area is at the forefront of initiatives in this area. One of which is the organization and control of regulatory safety training to regularly update teams on standards and procedures. These courses are carried out by a specialized company.

New employees and third parties receive Quality, Health, Environment, Safety and Energy (QHESSE) integration, containing pointers on the risks associated with the company's activities and the risks connected with activities that will be carried out by third parties. They receive guidance on the use of protective equipment and escape routes in the event of an emergency, as well as other instructions. There is a training schedule for every position, which is carried out throughout the year and reviewed on a regular basis in accordance with regulatory standards or internal procedures.

Through the QHESSE area, Aquapolo provides occupational health and safety training

Aquapolo has a contract with an occupational health company for the creation of a Medical Control Program for Occupational Health and a clinic that offers complementary tests to monitor occupational health. On a day-to-day basis, the company has an administrative service provider in the area of occupational health and an occupational doctor who comes to the plant twice a week.

All documents related to employee health will be filed as of 2023 in an occupational health event control software. Only the team responsible has access to the tests and information related to this topic. This ensures the confidentiality of this personal data.

In addition, the company has an occupational health and safety management system in place, in accordance with labor legislation and regulatory standards, ordinances, technical instructions and laws to foster the safety, health and well-being of employees. 100% of the 40 employees and five third parties are covered by this system.



Part of Aquapolo's employees carry out administrative activities (internal, in the office) and part is made up of employees in the operational area, who carry out activities in the field, such as plant maintenance. There are some one-off maintenance activities carried out at customer plants. Services such as works, facilities and occupational health are conducted by third parties. As a result of the company's commitment and the well-developed safety culture among employees, in February 2023 Aquapolo reached the milestone of seven years without accidents.

The management of compliance with regulatory standards is carried out by the IUS Natura software, which also monitors all the legal requirements

applicable to the business. In order to identify environments that may be hazardous to its own employees and third-parties, Aquapolo compiles a hazard report in accordance with Ordinance no. 3214, which approves the Regulatory Standards of the Brazilian Labor Code, specifically NR-16 - Hazardous Activities and Operations.

The identification of the risks of the activities of employees and third parties and the administrative controls applied are provided for in accordance with the internal procedure Preliminary Risk Analysis (PRA). The workers receive training on the Golden Rule procedure (made up of nine rules aimed at preventing accidents and encouraging a safety culture) and

are informed about the right to refuse to do certain activities. Whenever an employee or third party exercises this right, the QHESE department must be informed for assessment.

Employees report dangerous situations through the *Se Liga* (Be Aware) program, a communication channel with the QHESE team. Accident and/or incident investigations are carried out using software (SE-Software Expert), within seven days, and include those involved in the activity and the immediate manager.

Aquapolo also has an internal Accident and Harassment Prevention Committee (Comissão Interna de Prevenção a Acidentes e Assédio - Cipa), which is open to all employees. The meetings are held monthly.

There are also specific campaigns on various health issues, such as hypertension, diabetes, thyroid disease, breast cancer, prostate cancer, mental health and suicide prevention. Topics such as smoking and alcoholism are dealt with indirectly in the health approach.

No occupational diseases related to the job activities were found in 2022. There were also no incidents or near-accidents with a high potential for occurrence reported in the period.

Whenever a supplier is hired, a health and safety approval process is conducted in which the documentation is checked according to the scope of the activity that will be carried out.





Our governance



Governance structure and composition

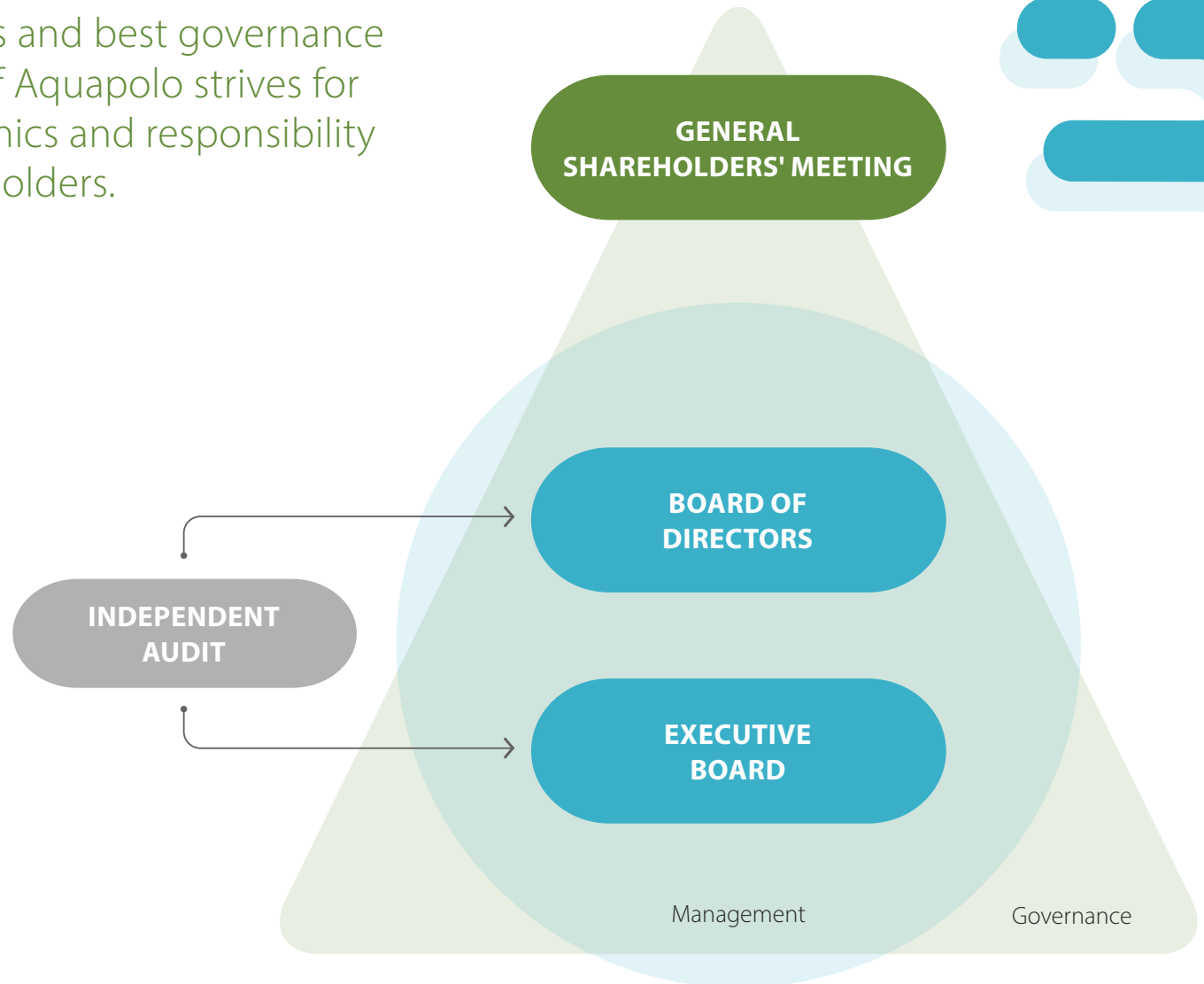
GRI 2-9

Guided by responsible actions and best governance practices, the management of Aquapolo strives for transparency and integrity, ethics and responsibility towards society and its stakeholders.

The management of Aquapolo is guided by responsible action and best governance practices, and values transparency and integrity, ethics, accountability to society and stakeholders, as well as the mapping and managing of the company's risks. The leadership is grounded on a set of policies, procedures and the Code of Integrity and seeks to minimize risks (financial, legal and reputational), as well as ensure ongoing improvement and operational efficiency.

The company governance structure is made up of two senior management bodies: the Board of Directors and the Executive Board. Every year, a shareholders' meeting is held to decide on the board and approve the annual remuneration of the directors, among other procedures.

The board is supported by two departments: one for Operations, Maintenance and Engineering, and one for Administration and Finance. There is also the QHSE Coordination and the Strategic People Management area.



Board of Directors

GRI 2-11, 2-14, 2-17

The board is composed of five members, three of whom are appointed by the controlling shareholder, GS Inima, and two by Sabesp, with a two-year mandate. There are no independent members nor under-represented groups. The chair is held by the CEO of the controlling shareholder and the other directors also hold executive positions in their respective shareholders. It is up to the board to approve Aquapolo's business plan every year. This plan includes strategic issues, investment, financial forecasts and sustainable development, as well as day-to-day definitions of the company over a five-year horizon. The company's governance is based on this document with quarterly follow-up board meetings.

The bylaws of the board include a mechanism to avoid conflicts of interest in company business with one of the shareholders as a related party. In this case, only the board members representing the other shareholder have voting rights. In the bylaws, there is no provision for the board to analyze or

approve the reported information or material topics. The responsibility for these topics currently lies with Aquapolo's Executive Board, which does not sit on the Board of Directors.

There is currently no structured process to contribute to the knowledge, skills and experience of the Board of Directors. Actions on topics relevant to business, such as sustainable development, remain at the discretion of its members.



Structure of the Board of Directors¹

DIRECTOR	POSITION ON THE BOARD	REFERRAL	OTHER POSITIONS
Paulo Roberto de Oliveira	Chairman	GS Inima	CEO of GS Inima Brasil
Fenando Schlieper	Member	GS Inima	Director of GS Inima Brasil
José Rodrigues de Carvalho Neto	Member	GS Inima	Director of GS Inima Industrial
Rafael Costa Strauch	Member	Sabesp	Chief of Staff at Sabesp
Caio Azevedo	Member	Sabesp	Advisor to the President of Sabesp

¹ All the members of the Board of Directors have a two-year mandate, are male and contribute with knowledge of the sector, as well as have management skills and experience.

Executive board

GRI 2-10, 2-12, 2-13, 2-16

The top management is made up of two officers, who represent the shareholders in the day-to-day operation of the company. Each officer is appointed by one of the shareholders and both are elected by the Board of Directors for two-year terms (with the right to renewal) and are jointly responsible for operational decisions. The selection process takes into account technical skills in business management and people leadership that are relevant to the organization's impact.

From a formal point of view, Aquapolo is a business corporation and complies with its legal obligations. One of its duties is to release an annual balance sheet that is placed on [website](#) the company.

The identification and management of the company's impact on the economy, the environment and people is also the responsibility of the executive board and is reported in board of director meetings regularly (quarterly for more significant impacts and annually for less critical impacts). If necessary, a special meeting is convened upon request.

In 2022, three critical concerns were reported to the Board of Directors: the work being done on the overpass in the Santa Teresinha neighborhood in Santo André, located next to the stretch of the pipeline; the

client Paranapanema, which went into court-ordered restructuring; and the obstruction of the opening of the manholes (Poços de Visita - PVs) (water main) along Dos Estados avenue (which runs from São Caetano to Mauá and crosses Santo André).

There is a need to implement an analysis of the effectiveness of processes in annual assessments or as determined for the next reporting cycle.

STAFF STRUCTURE OF EXECUTIVE BOARD



Márcio da Silva José
CEO



Fernando Gomes da Silva
Director

By shareholders' agreement, the management model adopted and its instruments follow the guidelines of the controlling shareholder. Therefore, with Sabesp's knowledge, Aquapolo adhered to and implemented the Compliance Program and the Code of Integrity, among other tools, developed by GS Inima for its assets.

The **main policies and procedures** are formalized in the following documents:

- **Integrated Management Policy**
- **Code of Integrity of GS Inima Brasil**
- **Anticorruption Policy of GS Inima Brasil**
- **Social Responsibility and Sponsorship Policy of GS Inima Brasil**
- **Public Administration Engagement Policy of GS Inima Brasil**
- **Gifts, Presents and Hospitality Policy of GS Inima Brasil**
- **Conflict of Interests Policy of GS Inima Brasil**



Integrated Management Policy

Aquapolo has a management model that encompasses Quality, Health, Environment and Workplace Safety. The policy underwent a review in 2022 in order to comply more fully with the requirements of the ISO 50001 standard on energy efficiency. The system is based on **five pillars**:

- Constantly **improve** its processes to ensure the production of industrial water in compliance with the requirements applicable to the quality, environmental, occupational health and safety management system, as well as the legal requirements of customers, shareholders, suppliers, the community and employees.
- **Honor** the commitments made to customers, striving for customer satisfaction and compliance with product requirements.
- **Monitor** and **control** our processes to ensure proper waste disposal and to ensure environmental protection through pollution prevention.

- **Ensure** a suitable, safe and healthy working environment to achieve compliance of our product, reduce risks and eliminate hazards related to Occupational Health and Safety and prevent injuries and/or health problems in employees.
- **Foster** suitable communication and awareness among employees regarding compliance with the management goals of the system, as well as consult and encourage them to take part in matters that relate to Occupational Health and Safety.



In 2022, Aquapolo reviewed its management model to adopt the requirements of ISO 50001.

Ethics and compliance

GRI 3-3, 2-15, 2-23, 2-24, 2-25, 2-26, 2-27, 205-1, 205-2

The GS Inima Brasil Integrity Program, an important tool for managing impacts and guiding the conduct of Aquapolo employees and related third parties, complies with the best practices of local regulatory entities and is aligned with the integrity measures adopted by the parent company. A few noteworthy policies related to the topic include the Anti-Corruption Policy, the Social Responsibility and Sponsorship Policy, the Related Third Parties Policy, the Public Administration Engagement Policy, as well as the Gifts, Presents, and Hospitality Policy and the Conflict of Interest Policy. All policies are approved by senior management.

In 2022, all Aquapolo employees completed the GS Inima Brasil Integrity Program, which raised awareness, provided information, created learning and reflection environments and underpinned compliance policies so that they are effective and the risks of non-compliant behavior are reduced as much as possible.

The in-class training agenda included three modules. The first was "Benefits of Compliance and Corruption Risk" aimed at senior management and managers. The second, "Compliance and Integrity in Procurement" was for the Procurement area. Lastly, the "Compliance and Integrity Guide" course was given to all company

employees and third parties. The training was also offered via Microsoft Teams to ensure the participation of employees who were unable to attend in person.

Also in 2022, Aquapolo employees were given access to the Compliance Platform, containing the documents for each of the organization's policies and practices and through which online training is provided. Employees with access to the network and email attended workshops about topics such as:

Overview of the Integrity Guide

Relations with the Public Administration

Relations with Third Parties

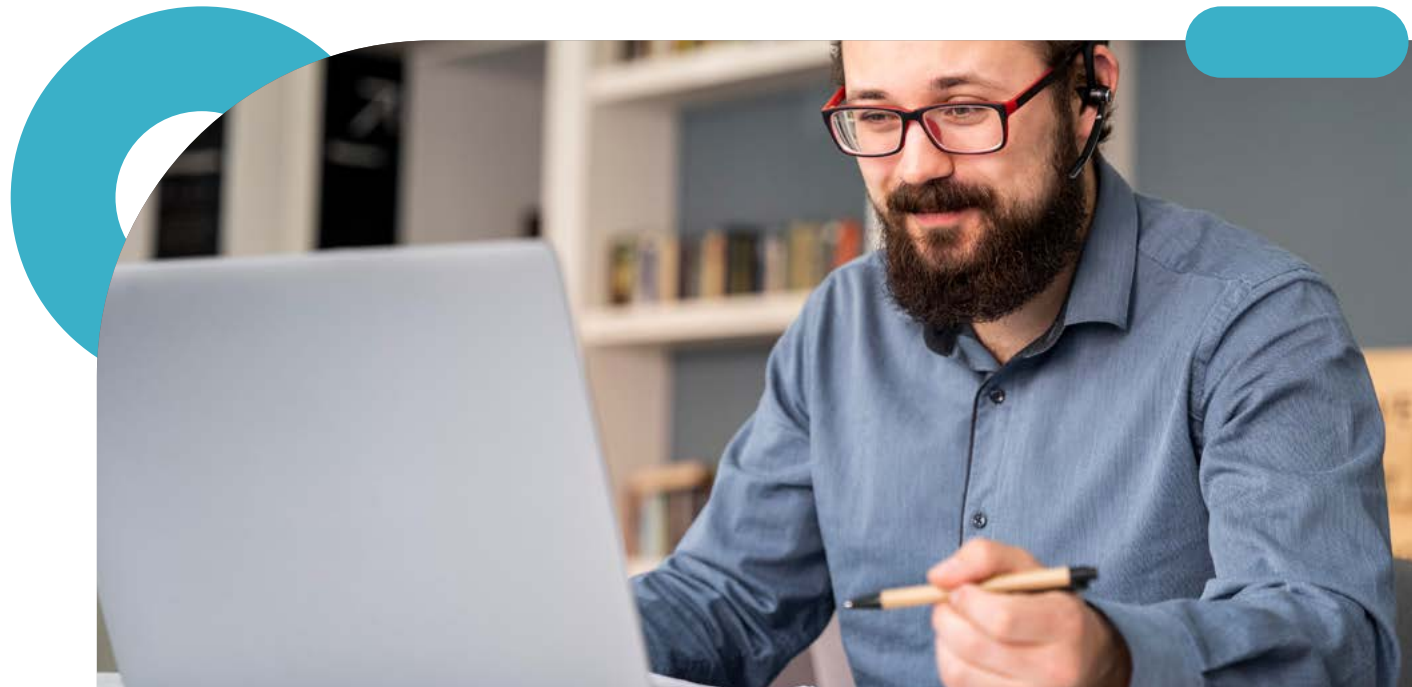
Gifts and Hospitality

Fraud, Financial Crimes and Money Laundering

Diversity and Inclusion

**Conduct in the Workplace
(bullying and sexual harassment)**

Data Protection



Integrity committee

The GS Inima Brasil Integrity Committee, an internal body made up of four effective members, was created with the purpose of delegating the responsibilities for the implementation of commitments to the different levels within the organization: the CEO, Strategic People Management Board, Subsidiary Board and head of the Compliance area. When necessary, a technical representative (a GS Inima Brasil employee or an external person) is appointed by mutual agreement of the members, chosen according to the nature of the infraction committed, as a form of cooperation, who will sign the Confidentiality and Secrecy Agreement. The committee is in charge of promoting the ratification or revision of the disciplinary measures recommended by the head of the Compliance area.

Aquapolo recorded no cases of corruption in 2022. Furthermore, no violations of regulations or laws were reported during the reporting period.

Another focal point of attention for Aquapolo is the conflict of interest. To support the management of this issue, all company employees fill in an online form with information on the subject. From 2023 onwards, this will be done every year. In addition, at the time of the selection process, the Strategic People Management team, responsible for recruitment, makes the document available to candidates. These procedures help to identify occurrences relating to the topic and mitigate risks before the contract proceeds.

Aware of the importance of preventing fraud and bribery, in addition to demanding compliance with the Code of Integrity and specific policies, Aquapolo has established some recommendations when dealing with government bodies and related parties, such as always being accompanied by one or more employees at meetings with representatives of public entities and after the meeting filling in a specific form to report on the matters discussed. Sponsorship and donation deals are also assessed by the Compliance area, in addition to undergoing legal analysis.

Aquapolo did not record any cases of corruption in 2022, as per the definitions of Law no. 12846/2013 - on anti-corruption, and no cases of non-compliance with laws and regulations during the reporting period. A consulting firm was hired in 2023 to review risks related to corruption. Aquapolo also organized a training course for the teams called Compliance Pills, which covers 100% of the employees. **GRI 205-3**

Since the company works with private clients and its product has a low level of regulation, it does not consider itself exposed to risks in its relations with government bodies in the area of basic sanitation. The company has never made and does not make contributions to political parties or candidates in campaigns. **GRI 415-1**

Business partners and suppliers are also informed of the entire Compliance and Integrity Program through the Code of Conduct and Integrity, which is sent as an attachment along with the contract.

Employees who infringe the Integrity Guide and its associated policies may face appropriate legal sanctions and sanctions outlined in the GS Inima Brasil Integrity Code, including disciplinary actions and contract termination. Any infringement by related third parties may result in the enforcement of a fine or termination of the contractual tie with the company. Disciplinary action will be taken against the manager overseeing the employee who committed the breach, if it is found that he or she knowingly failed to report the case and look for a solution to the infringement.

See the GS Inima Brasil Integrity Guide [here](#).

Integrity Channel of GS Inima Brasil

Aquapolo, through GS Inima Brasil, provides its employees, service providers, suppliers and business partners, customers and the community with the Integrity Channel, through which these stakeholders can report cases of fraud, corruption, embezzlement, harassment, inappropriate conduct, conflicts of interest, illegal exercise of the profession, discrimination, prejudice, illegal acts or acts that are not in line with the Integrity Code and Guide, as well as with current policies, standards and laws. It is important for the report to set out information that clearly describes the discrepancy so that it can be investigated. False claims made in bad faith by an employee or related third party will result in disciplinary action being taken against those involved, if such are employees, or contractual sanctions, if related to third parties, in accordance with the law in force. The channel ensures the secrecy and confidentiality of the information provided, such as personal and sensitive data, including health status, racial and ethnic origin, and complaints are examined impartially and transparently by

the Compliance officer. Any form of retaliation or reprisal against whistleblowers is strictly forbidden. Whistleblowers have the option to identify themselves or make anonymous reports and track the progress of the process. The company's whistleblowing channel was developed and is maintained in accordance with the model of the majority shareholder (GS Inima). If there is a need for review, operational issues, or suggestions for improvement, users can send an email directly through the tool. The channel, which is overseen by an independent third party, flags periodic complaints and claims, which are maintained and updated by the Compliance area of the majority shareholder, who manages the tool. The flags are assessed periodically. In 2022, Aquapolo received a complaint of possible bullying. The investigation came to the conclusion that there was no bullying, however, the behavior had been out of line with the Code of Conduct. A warning was issued to the employee, who also received coaching.

Aquapolo will structure the company's risk and impact management process. Indicators have been put in place to track the effectiveness of current measures and the management of the Compliance area itself, of which the processes were developed by the majority shareholder. Procedures and drafts of contracts are also updated in accordance with market requirements.

Governance body members that the organization's anti-corruption policies and procedures have been communicated to, by region **GRI 205-2**

				2022
REGION	MEMBERS OF THE GOVERNANCE BODY	INFORMED	TRAINED	
Southeast	Number	5	5	
	%	100	100	

Note: Aquapolo's operation is located only in the Southeast (São Paulo), which is why only this region is shown in the table above, since all other regions would be depicted as zero but not because communication and training have not been carried out but rather because there are no members of the governance body in other regions.



website

integridade.gsinima.com.br



email

integridade@gsinima.com.br



telephone

(16) 3962-8158

Communication and training about anti-corruption policies and procedures, by job category **GRI 205-2**

2022			
CATEGORIES	EMPLOYEES	INFORMED	TRAINED
Board	Number	2	2
	%	100	100
Management	Number	2	2
	%	100	100
Coordination	Number	1	1
	%	100	100
Expert*	Number	1	1
	%	100	100
Analyst	Number	7	7
	%	100	100
Operational	Number	26	26
	%	100	100
Administrative	Number	1	1
	%	100	100
Total	Number	40	40
	%	100	100

Note: The total value and percentages can be considered a representation for the southeast region, the only location in which Aquapolo operates.

** In 2022 we did not have the position of expert, but HR considered the maintenance supervisor in this role. He left in September and a new one was hired in January/2023. The training took place in November/December 2022.

Communication and training about anti-corruption policies and procedures **GRI 205-2**

2022			
BUSINESS PARTNERS		INFORMED	TRAINED
Outsourced	Number	5	5
	%	100	100

Note: The outsourcers are all located in the Southeast region.

Government Relations and Advocacy

GRI 3-3

The Compliance area's regulations guide and monitor any possible interactions with public agents. The company does not yet have any additional policies or procedures on the topic.

Aquapolo envisages the possibility of liaising with public bodies to help draw up legislation that induces and supports the development of new businesses linked to the production of recycled water.

Since this is a new topic for the company, it will be further developed over the course of 2023 to define the policies, commitments and measures needed to manage it, as well as review its impacts and processes to ensure the effectiveness of the measures.

Risk management

GRI 3-3

Aquapolo considers the risks of the operation to be the most significant. It has a quality management system, certified to ISO 9001 standards, and has various procedures and processes in place for contingencies and operational and occupational safety. There is still no structured risk management in place to ensure the best management of the topic and its related impacts but the company is intent on implementing it.

Mapping work was carried out in 2012 with the help of an international consulting firm before the startup of operations. This work is being monitored and reviewed internally. An update is planned for 2023 with assistance from a new consulting firm, Grant Thornton. The new mapping will cover all types of risk, including environmental matters.

There was also work to update the risks with the change in shareholders. An internal control is carried out for these risks and the mitigations (practical or by means of insurance) to ensure the operation runs smoothly for shareholders and without causing an impact on customers, the environment or the community.

The two main operational risks, considered medium/high (because the impact is very high, but the probability is small), are power failure and some

With the support of a consulting firm, Aquapolo will create new risk mapping, which will include environmental issues

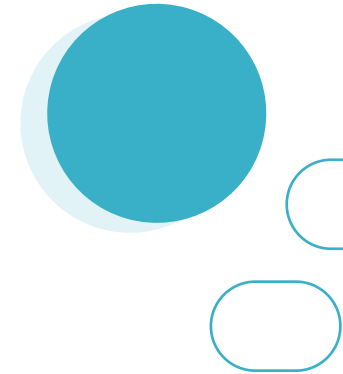
incident with the pipeline (due to vandalism, traffic accidents, city or other work carried out along its route). These risks would prevent any contingency.

In the event of a significant and long-term supply failure, the customers' production would be impacted, affecting various supply chains, as well as the generation of state taxes. Likewise, a possible accident at the plant can have a negative impact on people, who are subject to injury, emergencies or accidents at work as a result of unsafe conditions. There could also be an adverse impact on the environment in the event of a leak causing environmental contamination.

Two incidents have occurred with the water main over the years: one was caused by flooding and the other was a puncture during work by the city council. On both occasions, the company carried out scheduled shutdowns and continued to supply customers. Aquapolo uses Sabesp's maintenance structure.

From a financial point of view, the cost of these repairs was covered by insurance so there was no financial loss or unpredicted cost.

With regard to the electrical risk, it should be noted that the energy input to Sabesp is robust at STP-ABC. Aquapolo is connected to two transmission lines. At the end of 2022, the company invested BRL 4.2 million towards the renovation of the substation by Sabesp, totaling BRL 12.2 million. The aim of the work was to introduce automatic switching from one line to another in the event of a problem. This is a monitored risk, despite the infrastructure being quite robust. In the event of a power failure, an internal generator is activated to maintain the biological reactor, which is the core of the system.



In the supply chain, the company monitors the potential risk related to the availability of essential chemicals for the production process of recycled water for industrial use. Since there is a license for the purchase of a specific quantity relative to the available tank capacity, it is not possible to acquire larger volumes to maintain a reserve for use in the event of occurrences such as truckers' strikes, supply shortages (as there are few producers and distributors of the main chemical, such as caustic soda, for example), and price fluctuations due to external events, such as the Ukraine war. No problems were encountered with the supply of these products in 2022.

The main future challenge for risk management at Aquapolo is mapping the impact of climate change on the business. Energy is an essential factor in the process and is related to climate change. The new mapping may entail some risk of financial impact requiring investments not foreseen by the company and its shareholders.

Taxes GRI 207-1, 207-2

The company seeks to comply with the tax law applicable to its business based on a conservative tax strategy aimed at mitigating risks and assessments, but there is no document with this policy. The tax strategy does not include assessing the socio-economic impacts of its tax planning.



The company's tax control is carried out corporately by the Tax Accounting Management of the Shared Services Center of shareholder GS Inima Brasil.

The Tax, Accounting and Assets areas have a team of analysts who are led by their supervisors. The supervisors are led by the Accounting Tax Coordinator, who is the accountant in charge of the company's financial statements. The Tax Planning manager oversees the areas and reports directly to the Tax Planning Board.

Tax legislation is monitored on a daily basis by the corporate tax and accounting areas. If there are any legal changes that could affect the company's

operations, the instruction is forwarded to the Tax Planning department. If significant impacts occur or there is a need to change a process, the matter is forwarded to the Corporate Tax Planning Department and the Company's Board of Directors so the changes may be implemented or the judicialization initiated.

Based on transparency and reliability, the company periodically undergoes an independent audit to verify the integrity of its financial statements, including the taxes recorded in the accounts. It also has a series of internal controls. Any changes to its tax strategy must be submitted to the Board of Directors for approval.



Suppliers

GRI 3-3, 308-1, 414-1, 414-2

Supplier management follows the parameters established in the Code of Integrity, the Integrated Management Policy, the Anti-Corruption Policy, as well as the quality guidelines of the ISO 9001 standard, in which the company is certified, and the Procurement Policy. It also compiles a list of suppliers that are critical to the process and have an impact on the quality of the services provided. Such are assessed according to management quality criteria. The supplier's performance will be rated according to the score reached in the Qualification/Assessment form or in the on-site audit. The documentation is stored by Aquapolo's Procurement area and kept available for audits and possible assessments.

No cases of non-compliance with the contract that would justify changing suppliers due to misconduct were registered in 2022.

The company uses a tool to qualify the suppliers in this process. The step is necessary to check the legal documentation that should be required for each type of provider. This assessment takes into account Aquapolo's co-responsibility under legal and contractual conditions such as labor agreements, mandatory legal contracts, etc.

The documentation is applied according to each type of service and must be assessed on a case-by-case basis by the QHESE area and to check if a contract needs to be drawn up or not.

An internal due diligence process is undertaken for critical suppliers and, in the event of non-compliance, the contract is not executed.

In 2022, no suppliers (0%) were selected on the basis of environmental or social criteria. The goal was to include these criteria in the qualification of critical suppliers. However, Aquapolo ensures, through a contract, that the waste generated by the services is disposed of properly. There are also clauses with social criteria, which, if not complied with, are subject to fines and contract termination. The company has also included its Integrity Guide in its contracts with suppliers for their acknowledgment and adherence.



Most of Aquapolo's suppliers are from São Paulo, located near the operation.

Service providers are monitored on a monthly basis or according to criteria specified in the contract by filling in the external provider performance assessment form submitted by the contract managers to the Procurement area, which records the scores on a spreadsheet and keeps track of performance. When the supplier's historical performance is unsatisfactory, Aquapolo requests an action plan to solve the problem or under performance. The action plan must be opened via the current ERP system. The last resort is to delete and block the provider in the procurement system.

In line with the GS Inima Brasil Integrity Program, the Compliance area will initiate a due diligence to look for possible negative media, records on sanction lists and political exposed persons, among other points of reputational attention for related third parties (service providers, suppliers and business partners).

No real negative impacts were identified in this regard. As potential negative impacts, we identified the

possibility of chemical product leaks during transport or reception; the possibility of soil and environmental contamination due to incorrect waste disposal; and the possibility of degradation of areas or violation of human rights due to the possible hiring of companies that do not meet the social, environmental and personal data protection criteria set out in the contract.

The company takes care to hire and/or purchase from suppliers that meet the legal requirements related to their product or service to prevent or mitigate these impacts.

Aquapolo uses the IUS Natura tool to help it comply with the legal requirements pertaining to the business when contracting. The legal requirements management software monitors changes in laws and issues an alert if new documentation is required for contracting or transporting chemical products, for example.

In the case of chemicals, the suppliers are national and mainly from the surrounding areas. In general, São Paulo is a very well-served region in this sense as it offers easy access to distributors but there are also suppliers from Rio de Janeiro and the south of the country for these products.

In 2022, sustainability took center stage, which led Aquapolo to carry out two reviews in regard to this

topic. One of them was with a view to starting the certification process for ISO 50001, which deals with energy management, aiming at the contracting, training and management of suppliers. A second was carried out internally, aimed at managing sustainable purchases. All this effort is also part of the process to develop the *Destino Certo* (Proper Destination) Program (*read more in Waste and Circular Economy*).

In line with improving compliance at Aquapolo, the main suppliers were invited to attend the compliance training for third parties. Communication is established by phone or email.





Economic performance



Economic and financial performance

Aquapolo's financial performance is guaranteed by its well-protected and stable business model

Aquapolo's business model is well-structured and stable, which guarantees excellent financial performance. The take-or-pay contract modality ensures a minimum revenue, which enables a very stable cash generation. According to the model, built in tandem with the main client, the shareholders invested 10% of what was needed to set up the company and build its entire infrastructure. The other 90% was financed over the long term with the guarantee of the 42-year contract with the Petrochemical Complex. The receivables from this contract with the client were used as collateral in this debenture issuance.

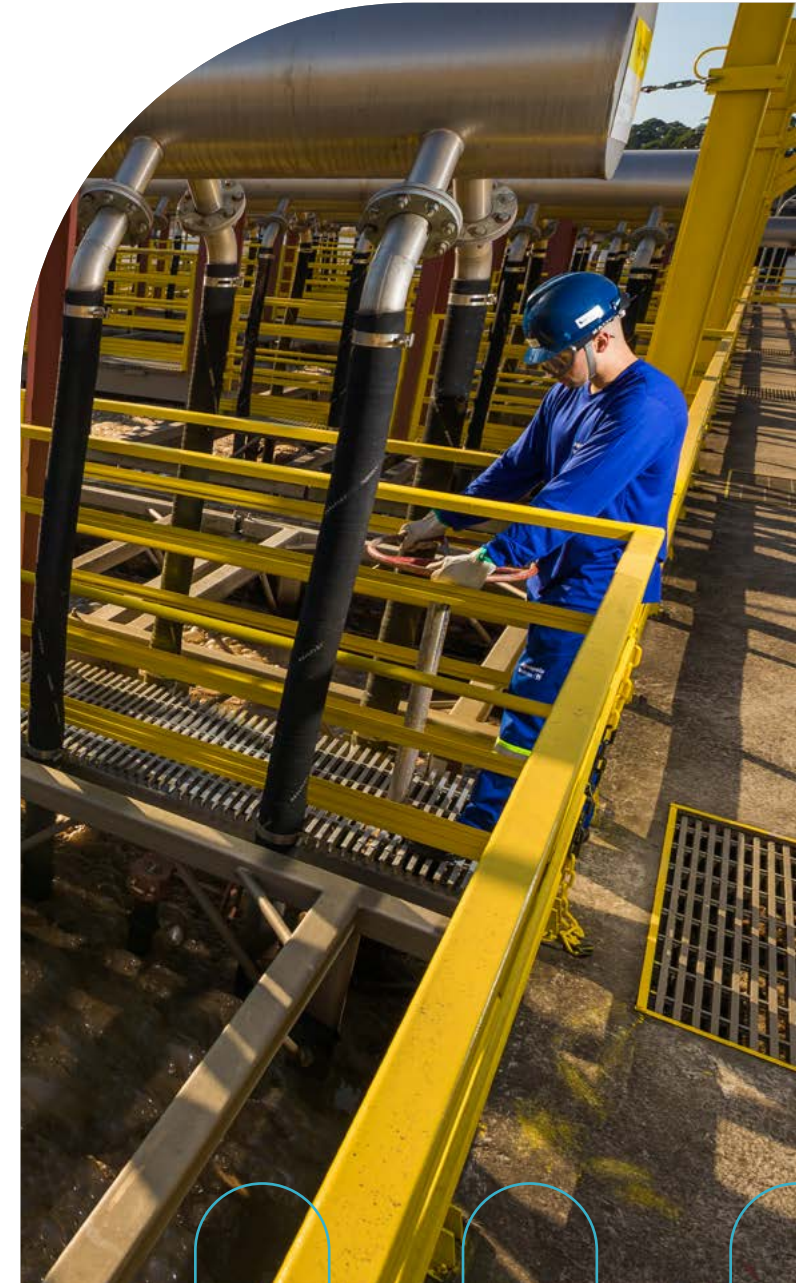
The debenture was bought in its entirety by FI-FGTS Government Severance Indemnity Fund for Employees, which has since then managed closely Aquapolo's finances with monthly controls. The obligations include the maintenance of a fiduciary agent and an audited balance sheet. An annual contract is also in place with rating agency Fitch, which analyzes the debentures with a view to

Aquapolo's future capacity. Another financial highlight was the fact that the company brought forward the start of dividend distribution to 2019, which was previously scheduled to begin in 2023.

Gross revenue closed 2022 at BRL 144.9 million, an increase of 12.24% compared to BRL 129.1 million in the previous year. Factors such as the tariff hikes and increased consumption by some customers affected performance. Aquapolo's net revenue reached BRL 108.0 million compared to BRL 95.7 million in 2021.

Ebitda for 2022 was BRL 81.3 million, representing an increase of 12.45% over the same period in 2021, when it hit BRL 72.3 million. The Ebitda margin was 75.92%. With regard to expenses, BRL 26.8 million.

Net profit reached BRL 33.6 million, up 19.3% from 2021. This performance is the result of cost optimizations and innovations that have been put in place since 2021.





GRI Summary





GRI Content Index

STATEMENT OF USE	Aquapolo reported in accordance with the GRI Standards for the period from January 1, 2022 to December 31, 2022.
GRI 1 USED	GRI 1: Foundations 2021

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GENERAL CONTENT					
GRI 2: General Disclosures 2021	2-1 Organizational details	p. 9			
	2-2 Entities included in the organization's sustainability reporting	p. 9			
	2-3 Reporting period, frequency, and contact point	p. 4			
	2-4 Restatements of information	No restructuring was done			
	2-5 External assurance	No external check was carried out in this cycle.			
	2-6 Activities, value chain and other business relationships	p. 9 to 11			
	2-7 Employees	p. 38			
	2-8 Workers who are not employees	p. 38			
	2-9 Governance structure and composition	p. 46			
	2-10 Nomination and selection of the highest governance body	p. 48			



GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 2: General Disclosures 2021	2-11 Chair of the highest governance body	p. 47			
	2-12 Role of highest governance body in overseeing the management of impacts	p. 48			
	2-13 Delegation of responsibility for managing impacts	p. 48			
	2-14 Role of highest governance body in sustainability reporting	p. 47			
	2-15 Conflicts of interest	p. 50	Item b	Information unavailable	Not all the information required for the item was identified. We are implementing process improvements for inclusion in the next cycle.
	2-16 Communication of critical concerns	p. 48			
	2-17 Collective knowledge of highest governance body	p. 47			
	2-18 Evaluating the performance of the highest governance body		All content	Not applicable	Not included in the Bylaws of the Board of Directors
	2-19 Remuneration policies	p. 40	Content relating to the highest governance body	Confidential	
2-20 Process to determine remuneration		All content	Information unavailable	The remuneration policy is under development and is expected to be finalized by the end of 2023.	



GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 2: General Disclosures 2021	2-21 Annual total compensation ratio	p. 40			
	2-22 Statement on sustainable development strategy	p. 5			
	2-23 Policy commitments	p. 50	Item a.iii	Information unavailable	Not all the information required for this item was identified. We are improving the process so this can be included in the next cycle.
	2-24 Embedding political commitments	p. 50			
	2-25 Processes to remediate negative impacts	p. 50			
	2-26 Mechanisms for seeking advice and raising concerns	p. 50			
	2-27 Compliance with laws and regulations	p. 50			
	2-28 Membership associations	p. 18			
	2-29 Approach to stakeholder engagement	p. 24, 28			
2-30 Collective bargaining agreements	100% (4) of employees are covered by collective bargaining agreements.				



GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
MATERIAL TOPICS					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p. 24			
	3-2 List of material topics	p. 25 and 26			
ETHICS, INTEGRITY AND COMPLIANCE					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 50			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	p. 50			
	205-2 Communication and training about anti-corruption policies and procedures	p. 50 to 53			
	205-3 Confirmed incidents of corruption and actions taken	p. 51			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	We have no lawsuits regarding unfair competition and violation of antitrust and antimonopoly laws			
GRI 207: Tax 2019	207-1 Approach to tax	p. 55			
	207-2 Tax governance, control, and risk management	p. 55			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No cases of discrimination registered			
ENERGY EFFICIENCY					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 31			



GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 302: Energy 2016	302-1 Energy consumption within the organization	p. 31			
GRI 302: Energy 2016	302-3 Energy Intensity	p. 31			
	302-4 Reduction of energy consumption	There was no drop in energy consumption due to improvements in conservation and efficiency in 2022			
	302-5 Reductions in energy requirements of products and services	p. 31			
WATER AND WASTEWATER MANAGEMENT					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 29			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	p. 29			
	303-2 Management of water discharge-related impacts	Aquapolo does not have a permit to discharge into a watercourse. Any and all waste is recirculated within ETE ABC, i.e. it goes back to the beginning of Sabesp's process, so there is no minimum standard established.			
	303-3 Water withdrawal	p. 29, 30			
	303-4 Water discharge	p. 29, 30			
	303-5 Water consumption	p. 29			
"OCCUPATIONAL SAFETY"					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 43			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	p. 43			



GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	p. 43			
	403-3 Occupational health services	p. 43			
	403-4 Worker participation, consultation, and communication on occupational health and safety	p. 43			
	403-5 Worker training on occupational health and safety	p. 43			
	403-6 Promotion of worker health	p. 43			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 43			
	403-8 Workers covered by an occupational health and safety management system	p. 43			
	403-9 Work-related injuries	p. 43			
	403-10 Work-related ill health	p. 43			
	INNOVATION AND BUSINESS RESILIENCE				
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 21			
CLIMATE STRATEGY					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 32			



GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 201: Economic performance 2016	201-2 Financial implications and other risks and opportunities due to climate change		All content	Confidential information	The company carries out a comprehensive assessment of the risks and opportunities brought about by climate change; however, it chooses not to mention such opportunities for strategic and confidentiality reasons. The next report, will include the risk assessment in a structured format.
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p. 32			
	305-2 Energy indirect (Scope 2) GHG emissions	p. 32			
	305-3 Other indirect (Scope 3) GHG emissions		All content	Information unavailable	The company does not yet calculate indirect emissions (Scope 3) because it has no management in this topic. It plans to publish in the next cycles.



GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 305: Emissions 2016	305-4 GHG emissions intensity	p. 33			
	305-5 Reduction of GHG emissions		All content	Not applicable	The company made its first emissions calculation in 2022 so it cannot yet check for reductions.
	GRI 305-6 Emissions of ozone-depleting substances (ODS)	p. 33			
	GRI 305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	p. 33			
ATTRACTING, DEVELOPING AND RETAINING EMPLOYEES					
GRI 3: Material Topics 2021	3-3 Management of material topics		The topic will be further developed in 2023 to define policies, commitments and measures needed to manage it and its impacts, as well as processes to ensure the effectiveness of the measures that will be taken.		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	p. 41			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 40			
GRI 401: Employment 2016	401-3 Parental Leave	p. 40			



GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	p. 38, 39			
	404-2 Programs for upgrading employee skills and transition assistance programs	p. 39			
	404-3 Percentage of employees receiving regular performance and career development reviews	p. 39			
GRI 405: Diversity and equal opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	p. 41			
SUPPLY CHAIN MANAGEMENT					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 56			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	p. 56			
	308-2 Negative environmental impacts in the supply chain and actions taken	We have not yet assessed suppliers in relation to environmental impacts.			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	p. 56			



GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	p. 56			
PRODUCT QUALITY AND SAFETY					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 54			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	p. 23			
	203-2 Significant indirect economic impacts	p. 29			
RISK AND EMERGENCY MANAGEMENT					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 54			
GOVERNMENT RELATIONS AND ADVOCACY					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 53			
GRI 415: Public Policy 2016	415-1 Political contributions	p. 51			

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