



BYLAWS

COMPANHIA DE SANEAMENTO DE MINAS GERAIS – COPASA MG

BELO HORIZONTE, MINAS GERAIS - BRAZIL



COMPANHIA DE SANEAMENTO DE MINAS GERAIS - COPASA MG

Corporate Registry ID (NIRE) 31.300.036.375

Corporate Taxpayer's ID (CNPJ) 17.281.106/0001-03

BYLAWS

CHAPTER I

Name, Headquarters, Duration and Purpose

Article 1 Companhia de Saneamento de Minas Gerais – COPASA MG, a mixed capital company with authorized capital and controlled by the State of Minas Gerais, was constituted pursuant to State Law 2,842, of July 5, 1963, and restructured according to State Law 6,084, of May 16, 1973, is responsible for planning, executing, expanding, remodeling and exploring basic public sanitation services, aiming at contributing with the social well-being and improving the quality of life of the population.

Sole Paragraph For the purposes of these Bylaws, basic sanitation shall be considered the set of services, infrastructure and operational facilities for:

I - supplying drinking water, consisting of activities and the availability and maintenance of infrastructure and operational facilities necessary for the public supply of drinking water, from the collection of water to the connections to residences and their measuring instruments;

II - providing sanitary sewage services, consisting of activities and the availability and maintenance of infrastructures and operational facilities necessary for the collection, transportation and treatment of sewage from the connections at residences until its final environmental destination;

III - carrying out urban cleaning and solid waste management, consisting of the activities for the collection, transportation, transfer, treatment and final destination of domestic waste and waste originated from the sweeping and cleaning of public areas and streets.

Article 2. The Company's headquarters and jurisdiction are located in the City of Belo Horizonte, State of Minas Gerais, and the Company's duration is indeterminate.

Sole Paragraph. Following a resolution from the Board of Directors, the Company may open or close subsidiaries, branches, offices and sales offices, and any other establishments to perform its activities in any other State in the country or overseas.

Article 3. To comply with its purpose, COPASA MG shall invest in water supply, sewage and solid waste projects, as well as corporate development projects that together



provide the Company with real return of investments equal to, or higher than, its cost of capital.

Article 4 To fulfill its institutional purposes, COPASA MG may:

I - propose expropriations;

II - promote takeover of services;

III - receive donations and subsidies;

IV - act in Brazil and abroad;

V - enter into agreements and form a consortium or any other type of partnership with public or private entities;

VI - sign contracts, including programs, concessions and permissions for public services;

VII - subcontract part of its activities, subject to the provisions of Article 78 of Federal Law 13,303, of June 30, 2016, and Article 25, Paragraph 1, of Federal Law 8,987, of February 13, 1995;

VIII - perform assembly, recovery and testing services inherent to the initial verification and after repairing water and sewage meters, which are prohibited to be sold in under any circumstance.

IX - hire loans and financings with financial institutions or through a national or international development agency, as well as issue debentures or other securities, with counterpart obligations, as applicable, and observing the indicators established below, which are calculated based on COPASA MG's annual, interim or quarterly financial statements:

a) consolidated net debt must be equal to or less than 3x of the accumulated 12-month EBITDA (Earnings Before Interest, Income Taxes including Social Contribution on Net Income, Depreciation and Amortization);

b) total Liabilities must be equal to or less than the Shareholders' Equity; and

c) accumulated 12-month EBITDA must be greater than 1.2x the Debt Service.

Paragraph One: The goals established in items "a" and "b" of item IX may be changed for cyclical reasons, subject to justification and specific approval by the Board of Directors, respecting the following limits:

a) consolidated net debt may reach a maximum of 4x of the accumulated 12-month EBITDA; and

b) total Liabilities must reach a maximum of 1.2x the Shareholders' Equity.

Paragraph Two The activities provided by COPASA MG, which are constituted in its



corporate purpose, will be carried out directly or through wholly-owned subsidiaries that have been specifically constituted for such purposes, or through companies in which COPASA MG or its subsidiaries hold controlling or minority equity interests, as resolved by the Board of Directors.

Paragraph Three COPASA MG may provide operational, logistical, administrative and technical support to its subsidiaries' operations.

Article 5. The Company shall be ruled by these Bylaws and the applicable legal provisions, in particular Federal Law 6.404/1976 (Brazilian Corporations Law), Federal Law 13.303/2016 and State Decree 47.154/2017.

Paragraph One. With the Company's listing on the *Novo Mercado* segment of B3 S.A. – Brasil, Bolsa, Balcão ("B3"), the Company, its shareholders, managers and members of the Audit Committee are subject to the provisions of the *Novo Mercado* Regulation.

Paragraph Two. The Company, its management and shareholders shall comply with the Regulations for the Listing of Issuers and Admission for the Trading of Securities, including rules related to the withdrawal and exclusion of securities admitted for trading in the organized markets managed by B3.

CHAPTER II

Capital Stock and Shares

Article 6. The Company's Capital Stock is three billion, four hundred and two million, three hundred eighty-five thousand, six hundred and nine reais and forty-seven centavos (R\$3,402,385,609.47), fully subscribed and paid-in, represented by three hundred and eighty million, two hundred and fifty-three thousand and sixty-nine (380,253,069) common shares, all registered with non-par value.

Paragraph One. The Capital Stock shall be exclusively represented by common shares.

Paragraph Two. Each common share shall be entitled to one vote in the resolutions of the Company's General Shareholders' Meetings.

Paragraph Three. The shares shall be indivisible in relation to the Company. When the share belongs to more than one person, the rights granted to it shall be exercised by the representative of the condominium.

Paragraph Four. The shares are book-entry shares and shall be maintained in a deposit account in a financial institution authorized by the Brazilian Securities and Exchange Commission - CVM, on behalf of their holders, without the issuance of certificates. Transfer and approval costs, as well as services related to the shares held on custody, may be charged from the shareholder.

Paragraph Five. The issuance of beneficiary parties by the Company is prohibited.



Article 7 The Company is authorized to increase its Capital Stock up to the limit of R\$5,000,000,000.00 (five billion reais), regardless of statutory amendment, as resolved by the Board of Directors, who shall also be responsible for establishing the terms and conditions for the issue of shares, including price, deadlines, and subscription method. In the event of subscription with payment in assets, the Shareholders' Meeting shall be responsible for approving the capital increase, upon opinion issued by the Fiscal Council.

Paragraph One The Company's Board of Directors may, within the authorized capital limits, resolve on the issuance of common shares, debentures convertible into common shares and subscription warrants.

Paragraph Two. At the General Shareholders' Meeting's discretion, the preemptive right may be excluded, or the term for its exercise may be reduced, in the issuances of shares, debentures convertible into shares and subscription bonus, whose placement is made by means of sale on a stock exchange or public subscription, under the terms of law.

Article 8. The Company may, by resolution of the Board of Directors, acquire its own shares to be held in treasury and subsequent disposal or cancellation, in compliance with the applicable legal and regulating provisions.

Article 9. The Company may, by resolution of the General Shareholders' Meeting, grant a call option in favor of the managers, employees and collaborators, and this option may be extended to the managers and employees of the Company's direct or indirect subsidiaries.

CHAPTER III

General Shareholders' Meeting

Article 10. The General Shareholders' Meeting shall take place, on an ordinary basis, within the first four (04) months following the end of each fiscal year and, on an extraordinary basis, whenever there are social concerns to be discussed and voted, and its call notice, installation and resolutions shall comply with applicable laws and the provisions set by these Bylaws.

Sole Paragraph Shareholders' Meetings shall be called pursuant to the minimum deadlines provided by legislation, and must be chaired by the Chair of the Board of Directors or, in his/her absence, by a substitute member appointed by him/her, with the secretary role being carried out by the Executive Governance Secretariat.

Article 11. To participate in the General Shareholders' Meeting, the shareholder must send to the Company, at least three (03) consecutive days in advance of the meeting



date (included) the following information: (i) a receipt issued by the depositary financial institution of the book-entry shares held by the shareholder or in custody, pursuant to the Article 126 of the Brazilian Corporations Law; (ii) a power of attorney letter, duly regulated under the terms of law and of these Bylaws, in situations of shareholder representation. The shareholder, or the legal representative, must provide their personal identification document to attend the General Shareholders' Meeting.

Paragraph One. The shareholder may be represented at the General Shareholders' Meeting by an attorney in fact, having been constituted no longer than one (01) year, and must be a shareholder, manager of the Company, attorney, financial institution or a manager of investment funds with representation rights of such funds.

Paragraph Two The provisions of the *caput* are not applicable to shareholders who decide to exercise their voting rights through the remote voting ballot, who shall be subject to the requirements and deadlines established by applicable laws and regulations.

Article 12. The resolutions of the General Shareholders' Meeting, except in special situations provided for by law and pursuant to these Bylaws, shall be taken by absolute majority vote, not computing the blank votes.

CHAPTER IV

Management Subsection I General Rules

Article 13. The Company shall be managed by a Board of Directors and a Board of Executive Officers, with powers granted by the applicable law and pursuant to these Bylaws.

Sole Paragraph. The management's term of office is conditioned to the signing of the Instrument of Investiture, which must contemplate their subjection to the arbitration clause referred to in Article 86 of these Bylaws.

Article 14. The positions of Chairman of the Board of Directors and Chief Executive Officer may not be occupied by the same person.

Article 15 The Company may, under the terms of these Bylaws, hire insurance in favor of the members of its statutory bodies and those in trusted positions, to cover liabilities arising from the exercise of their roles, as approved by the Board of Directors.

Sole Paragraph The insurance coverage referred to in the *caput* may be extended to employees, attorneys-in-fact, and representatives whose representation powers are directly granted by the Company's Management in a specific power-of-attorney letter.

Subsection II

Requirements and Prohibitions for Management

Article 16. The members of the Company's management must meet the following mandatory requirements:

I - have a good reputation;

II - have knowledge that is compatible with the position for which he/she was indicated;

III - have academic background that is compatible with the position for which he/she was indicated; and

IV - have, at least, one of the professional experiences listed below:

a) ten years of experience, in the public or private sector, in the sectors in which COPASA MG operates, or in the department for which he/she was indicated due to the requirements necessary for senior management;

b) four years of experience as a director, member of a board of directors, member of an audit committee or as a senior management position in a company of similar size or corporate purpose as COPASA MG, being understood that a senior management position is considered as being up to two hierarchical levels below a company's highest non-statutory position;

c) four years of experience in a commission or trusted role in the public sector, equivalent to, at least, the fourth highest hierarchical level, or above, of the Steering and Advisory Group of the Direct Administration, Autarchic and Foundational Management of the State of Minas Gerais;

d) four years of experience as professor or researcher, of undergraduate level or above, in the sectors in which COPASA MG operates; or

e) four years of experience as an independent professional in a position that is related to the one to be held at COPASA MG.

Paragraph One. Academic background must be in an undergraduate or post-graduate course that is recognized and accredited by the Ministry of Education.

Paragraph Two. The experiences mentioned in the separate items of section IV of the *caput* may not be accumulated with the required period of experience.

Paragraph Three. The experiences mentioned in the same paragraph of section IV of the *caput* may be accumulated with the required period of experience, provided they relate to different periods.

Paragraph Four. Only natural persons may be elected for positions of administration.

Paragraph Five. All members of management must reside in the Country.

Article 17. Indications to the Board of Directors and to the Board of Executive Officers

are prohibited under the following circumstances:

I - individuals who are representatives of regulatory bodies to which COPASA MG is subject to;

II - individuals holding positions such as Minister of State, State Secretary and Municipal Secretary;

III - individuals holding positions as commissioner of public administration, direct or indirectly, without a permanent binding relationship with public office;

IV - a statutory officer of a political party and mandated in the Legislative Branch of any federative body, even if licensed;

V - relatives or related persons up to the third degree of the individuals mentioned in items I, II, III and IV of this Article;

VI - individuals who have acted, in the last thirty-six months, as a participant in the decision-making structure of a political party;

VII - individuals who have worked, in the last thirty-six months, in the organization, structuring and conducting of electoral campaigns;

VIII - individuals holding positions in trade union organizations;

IX - a natural person who has signed a contract or partnership, as supplier or buyer, claimant or offeror, of goods or services of any nature, with the State of Minas Gerais and/or COPASA MG, in the three years prior to the date of his appointment;

X - individuals with conflicts of interests or who may come to have conflicts of interests with the State of Minas Gerais or COPASA MG;

XI - individuals who classify under any of the ineligibility situations provided for in conditions under item I of the *caput* of Article 1 of Complementary Law No. 64, dated May 18, 1990;

XII - individuals convicted of crimes such as bankruptcy, prevarication, bribery, extortion, embezzlement, against the popular economy, public faith or property, or criminal penalty that prevents, even temporarily, access to public office;

XIII - individuals declared unsuitable by the CVM.

Paragraph One. The restrictions contained in item III of the *caput* is applicable to public service employees (or retirees) even if he/she holds a position in the direct or indirect federal public administration commission.

Paragraph Two. The provisions of this Article shall apply to members of management who represent employees and minority shareholders.

Paragraph Three. The elected members of management must participate, upon signing the Instrument of Investiture and annually, in specific training sessions, pursuant to



Article 40 of State Decree No 47.154/2017 under penalty of not being able to be reelected if they do not participate in annual training provided by the Company in the last two (02) years.

Subsection III

Verification of Requirements and Prohibitions for Management

Article 18. Pursuant to the Policy for the Nomination and Eligibility of Statutory Members of COPASA MG, the requirements and prohibitions applicable to members of management must be respected in all appointments and elections, including in situations of reelections.

Sole Paragraph. The aforementioned requirements will be evidenced by filling out the Statutory Members Eligibility Form, to be submitted along with other required documentations.

CHAPTER V

Management Bodies Subsection I

Board of Directors

Article 19. The Board of Directors shall be comprised of at least seven (07) and at most eleven (11) members, of which one shall be the Chairman, one shall be the Vice Chairman, all being elected at the General Shareholders' Meeting and dismissed by it at any time.

Paragraph One. The General Shareholders' Meeting shall resolve on the number of positions to be filled for the Company's Board of Directors for the respective office term, by absolute majority vote, not considering blank votes.

Paragraph Two. The following members are guaranteed members of the Board of Directors:

I - 1 (one) employee representative, according to specific regulation;

II - at least one (01) minority shareholder representative, elected pursuant to terms provided in Federal Law 6.404/1976.

Article 20. The members of the Board of Directors shall be elected for a unified term of 2 (two) years, with a maximum of three (03) consecutive renewals being allowed, considering that previous terms occurred within less than two (02) years.

Paragraph One. Once achieving the maximum term referred to in the *caput*, a member may only return to the Board of Directors of COPASA MG after two (2) years.

Paragraph Two. The members of the Board of Directors shall remain in office until the



election and subsequent start of the term of office of their successors.

Paragraph Three. Prior office terms will be added to the current term if they occurred within the past two (02) years.

Article 21. The Board of Directors shall be comprised of, at least, twenty-five percent (25%) of independent members, who must be expressly declared as such at the General Shareholders' Meeting which elects them.

Paragraph One. An independent member is an individual who:

I - does not have any connection with the Company, except interest in the capital stock;

II- is not a spouse, blood relative or relative, up to the third degree or by adoption, of a head of the Executive Branch, Minister of State, Secretary of State, Federal District or Municipality or administrator of the Company;

III - has not maintained, over the past three (03) years, a bonding relationship of any nature with COPASA MG or with the State of Minas Gerais, which may jeopardize his/her independence;

IV - is not, nor has been, over the past three (03) years, an employee or officer of the Company, its affiliates or subsidiaries or of a company controlled by it, unless the binding relationship has been exclusively with public educational institutions or research institutions;

V - is not a supplier or buyer, directly or indirectly, of services or products of the Company, in a way that implies loss of independence;

VI - is not an employee or administrator of a company or entity that is offering or demanding services or products to the Company, in a way that implies loss of independence;

VII - does not receive any other compensation from the Company other than for the position of officer, with the exception of cash values arising from stakes in equity capital.

Paragraph Two. In the event that the calculation of the number of Independent Directors results in a fractional number, rounding will be done to the next higher number.

Paragraph Three. The independent members will be those elected by minority shareholders and not those elected by the employees.

Article 22. In the event of vacant position on the Board of Directors, the alternate member to the vacation position may be appointed by the other members to complete the respective term of office until the next General Shareholders' Meeting, observing the Policy for the Nomination and Eligibility of Statutory Members.

Paragraph One In case the position of representative of minority shareholders becomes vacant and this results in a non-compliance with the percentage required for

independent Board Members, or if there is a vacant position for the representative of the Company's employees, a new Shareholders' Meeting must be called to elect them, observing the Policy for the Nomination and Eligibility of Statutory Members.

Paragraph Two. In the event of vacant positions for the majority of positions of the Company's Board of Directors, a new General Shareholders' Meeting will be called to proceed with a new election.

Article 23. The global or individual compensation of the Board of Directors shall be determined annually at the General Shareholders' Meeting.

Paragraph One. In the event that the General Shareholders' Meeting determines only the overall compensation, the Board of Directors shall decide on its respective distribution among its members.

Paragraph Two. Profit sharing, of any kind, to the members of the Board of Directors is prohibited.

Article 24. The Board of Directors shall meet regularly once a month, in accordance with a previously approved meeting schedule, and shall meet extraordinarily whenever deemed necessary.

Paragraph One. The Board of Directors' meetings shall preferably be held at the Company's headquarters.

Paragraph Two. The Board of Directors' meetings may be held by conference call, videoconference or other means of communication.

Paragraph Three. A board member's participation in meetings, pursuant to Paragraph Two of this Article, shall be considered as an in-person attendance.

Article 25. The Board of Directors' meetings shall be convened by its Chairman, or Vice-Chairman, at least five (05) days in advance along with the agenda with the matters to be discussed.

Paragraph One. In urgent situations, Board of Directors' meetings may be called by the Chairman without observing the period of advanced notice above, provided that all other members of the Board are aware of the meeting, which will be considered as a regular meeting if all board members are present.

Paragraph Two Regardless of the formalities provided in this Article, a meeting in which all Board Members are present shall be considered as a regular meeting.

Article 26. The Board of Directors' meetings shall only be instated with the attendance of the majority of its sitting members.

Paragraph One. The Board of Directors' meetings shall be chaired by the Chairman of the Board of Directors with a member of the Executive Governance Secretariat acting



as secretary.

Paragraph Two. In the event of the temporary absence of the Chairman of the Board of Directors, these meetings shall be chaired by the Vice-Chairman or, in his/her absence, by a member chosen by a majority vote among the other board members.

Paragraph Three. In the absence of any member of the Board of Directors, the Board may, depending on the agenda of the meeting, formally express the vote of the absent member, provided a proof of the voting instruction is received by the meeting date.

Paragraph Four. The members of the Board of Directors may not be unjustifiably absent from exercising their roles, under penalty of being dismissed from office.

Article 27. The resolutions at the Board of Directors' meetings shall be taken by majority vote of attending members and members expressed in Article 26, Paragraph Three of these Bylaws. In the case of a tie, the Chairman will cast a tie-breaking vote.

Article 28. At the end of the meeting, minutes shall be drawn up and signed by all board members who attended the meeting.

Paragraph One. The votes cast by members who participated remotely in a Board of Directors' meeting, or who have manifested themselves according to Article 26, Paragraph Three of these Bylaws, shall be highlighted and attached to the respective minutes.

Paragraph Two. The minutes of the Board of Directors' meeting containing deliberations with effects on third parties must be published and filed in the public registry of commercial companies.

Article 29 The Board of Directors, notwithstanding other powers provided in the applicable legislation, shall be responsible for:

I - establishing the general orientation for the Company's businesses, defining its mission, strategic objectives and guidelines;

II - electing and dismissing the Company's Officers and the members of the Committees linked to the Board of Directors;

III - establishing the attributions of the Company's Officers, as well as defining the matters, organizational units and attributions under their responsibility, observing the applicable provisions of these Bylaws;

IV - approving the commitment to specific goals and results assumed by the members of the Executive Board, as well as supervising that they have been fulfilled;

V - approving, according to a proposal by the Executive Board, the Company's strategic plan, business plan for the following annual fiscal year, the updated long-term strategy

that analyzes risks and opportunities for, at least, the next 5 (five) years, the investment program, and the corporate budget, in addition to any revisions thereto;

VI - promoting, on an annual basis, a compliance analysis for the goals and results achieved in the execution of the business plan as well as the long-term strategy, in addition to disclosing its conclusions and reporting them to the Legislative Assembly of the State of Minas Gerais and the Court of Auditors of the State of Minas Gerais, in which the members of the Board of Directors shall be subject to a liability penalty in case of omission;

VII - approving the budget for the statutory committees linked to the Board of Directors and the Statutory Units;

VIII - overseeing the management of the Executive Board, examining the Company's books and documents at any time, requesting information about contracts signed or to be signed, and any other acts required for the exercise of their roles;

IX - assessing, on an annual basis, the individual and collective performance of the Management of COPASA MG and its subsidiaries and of the members of Committees linked to the Board of Directors, observing the following minimum requirements that must be met by the members of the Company's Management:

- a) exposure of the management acts employed regarding the lawfulness and effectiveness of administrative actions;
- b) contribution to the result for the year;
- c) achievement of the objectives established in the business plan and compliance with the long-term strategy.

X - approving the Company's policies and regulations, as well as its Organization Manual;

XI - approving the Company's Career, Job and Salary Plan, as well as expressing an opinion regarding the increase in the number of own employees, granting of benefits and advantages, including changes in amounts paid as compensation for commissioned positions or free appointment positions, and compensation for leading positions, when applicable;

XII - expressing an opinion on the financial statements – balance sheet, income statement, annual management report, explanatory notes and other accounting documents – which must be submitted to the Ordinary Shareholders' Meeting;

XIII - reviewing the Company's interim quarterly financial statements;

XIV - resolving on the declaration of Interest on Equity and/or distribution of dividends based on the net income of the current and ended fiscal years, notwithstanding subsequent ratification by the Shareholders' Meeting;

XV - proposing the Shareholders' Meeting to resolve on the declaration of distribution of dividends to the profit reserve account;

XVI - submitting proposals to the Shareholders' Meeting regarding capital increases above the authorized capital limit, or to be subscribed through assets, as well as amendments to these Bylaws;

XVII - resolving on the acquisition of shares issued by the Company for the purpose of being canceled or to be held in treasury, as well as on the resale of shares or their replacement in the market, pursuant to rules issued by the CVM and other applicable legal provisions;

XVIII - resolving on the issuance and offering of debentures and other securities not convertible into shares, regardless of the amount;

XIX - resolving on the issuance and offering of debentures convertible into shares and subscription warrants, within the authorized capital limit;

XX - calling a Shareholders' Meeting in the cases provided by legislation or when deemed necessary;

XXI - approving and monitoring decisions involving corporate governance practices, relationship with interested parties, people management policy and the Company's Code of Conduct and Integrity;

XXII - subscribing and publishing the Annual Public Policies and Corporate Governance Letter;

XXIII - implementing and monitoring risk management and internal control systems established for preventing and mitigating the main risks to which the Company is exposed, including risks related to the integrity of accounting and financial information, as well as to the occurrence of corruption and fraud;

XXIV - approving the methodology to be adopted for economic and financial feasibility studies, as well as the calculation methodology for the Company's cost of capital and its periodic revision;

XXV - previously authorizing the execution of legal transactions, including loans, financings and the assumption of general obligations involving amounts higher than R\$48,000,000.00 (forty-eight million reais), limited to R\$300,000,000.00 (three hundred million reais);

XXVI - authorizing, as proposed by the Executive Board, the exclusion of movable property from assets in amounts higher than R\$3,000,000.00 (three million reais), for reasons of disposal, destruction, loss and misplacement;



XXVII - approving, as proposed by the Executive Board, the disposal, acquisition, constitution of real encumbrances, and provision of guarantee to third parties of movable property in amounts higher than R\$3,000,000.00 (three million reais);

XXVIII - authorizing the disposal of movable property and provision of guarantee to third parties in amounts higher than R\$3,000,000.00 (three million reais);

XXIX - authorizing, as proposed by the Executive Board, the filing of lawsuits and execution of in-court and out-of-court agreements in amounts higher than R\$5,000,000.00 (five million reais), limited to R\$300,000,000.00 (three hundred million reais);

XXX - authorizing the donation, to the municipality, of areas valued up to R\$3,000,000.00 (three million reais) for the implementation or expansion of services for water supply, sanitary sewage or solid waste systems, when property ownership is required for the transfer of financial resources from public bodies to fund works;

XXXI - resolving on the incorporation of wholly-owned subsidiaries, as well as on majority or minority equity interests held by COPASA MG or its subsidiaries in other companies;

XXXII - authorizing the hiring and dismissal of independent auditors;

XXXIII - authorizing the hiring of insurance in favor of the members of its statutory bodies and those in trusted positions, as well as for employees, attorneys-in-fact, and representatives to cover liabilities arising from the exercise of their roles, pursuant to the provisions in Article 15 of these Bylaws;

XXXIV - providing for the order of its works and defining the rules for its operation, in compliance with the provisions of these Bylaws.

Paragraph One Strategic information, whose content may prove to jeopardize the Company's interest if disclosed, is excluded from the disclosure obligation referred to in item VI.

Paragraph Two When the amounts exceed the limits set forth in items XXV, XXIX and XXX, the Shareholders' Meeting shall be responsible for resolving on the matter.

Paragraph Three The issuance and offering of debentures and other securities not convertible into shares provided in item XVIII does not apply to the approval limits referred to in item XXV.

Paragraph Four The amounts mentioned in items XXV, XXVI, XXVII, XXVIII, XXIX and XXX shall be updated in January of every year, based on the variation of the IPCA (Extended National Consumer Price Index) for the last 12 months.

Article 30. The Board of Directors may establish technical and advisory Committees to advise it, and shall be responsible for approving their respective Internal Regiments.

Subsection II

Board of Executive Officers

Article 31. The Board of Executive Officers shall be comprised of a minimum of three (03) and a maximum of five (05) members, being one Chief Executive Officers and one Chief Financial and Investor Relations Officer, elected by the Board of Directors, which will also define the scope of their duties and responsibilities.

Sole Paragraph. In the event a Company's employee is elected for the position of Executive Officer, his/her employment contract shall be terminated.

Article 32. The Board of Executive Officers shall have a unified term of two (02) years, being permitted a maximum of three (03) consecutive reelections, provided that the previous term took place no longer than two (02) years prior.

Paragraph One. After achieving the maximum period referred to in the *caput*, the return of the member to the Board of Executive Officers of COPASA MG may only occur after a period of two (2) years.

Paragraph Two. An Executive Officer may not be reelected to serve on another Board of COPASA MG.

Paragraph Three. The members of the Board of Executive Officers shall remain in office until the election and subsequent start of the term of office of their successors.

Article 33. It is an underlying condition to take term in office for the Board of Executive Officers to assume commitments towards specific goals and results to be achieved.

Article 34. In the event of vacant officer position, the Board of Executive Officers shall appoint an alternate among its members, who shall temporarily accumulate the functions of the vacant position until a new Executive Officer has been elected for such position.

Article 35 The overall or individual compensation for the Executive Board shall be set annually by the Shareholders' Meeting.

Sole Paragraph Once the Shareholders' Meeting sets the overall compensation, the Board of Directors shall be responsible for deciding on its respective distribution.

Article 36. The Board of Executive Officers shall meet regularly once a week, as provided for in the meeting schedules and, extraordinarily, whenever deemed necessary.

Paragraph One. The Board of Executive Officers' meetings shall preferably be held at the Company's headquarters.



Paragraph Two. The Board of Executive Officers' meetings may be held by conference call, videoconference or other means of communication.

Paragraph Three. An Executive Officer's participation in meetings, pursuant to Paragraph Two of this Article, shall be considered as an in-person attendance.

Article 37. The Board of Executive Officers' meetings shall be convened by the Chief Executive Officer at least two (02) days in advance and the agenda with the matters to be discussed, as well as any supporting documents, must be sent to all Executive Officers by the Executive Governance Secretariat.

Paragraph One. In urgent situations, Board of Executive Officers' meetings may be called by the Chief Executive Officer without observing the period of advanced notice above, provided that all other members are aware of the meeting, which will be considered as a regular meeting if all board members are present.

Paragraph Two. The meetings may be exceptionally called by two thirds (2/3) of the Executive Officers and, in such case, an advance notice of three (3) days must be given.

Paragraph Three. Irrespective of the formalities provided for in this Article, a meeting attended by all Executive Officers shall be considered a regular meeting.

Article 38. The Board of Executive Officers' meetings shall be installed with the presence of the majority of its members in office.

Paragraph One. The Board of Executive Officers' meetings shall be chaired by the Chief Executive Officer and shall have a member of the Executive Governance Secretariat acting as secretary.

Paragraph Two In the event of a temporary absence of the Chief Executive Officer, the meetings will be chaired by a member of the Executive Board appointed by him/her or by a member chosen by the attending Officers.

Paragraph Three In the event of absence of any member of the Board of Executive Officers, he/she may, according to the meeting's agenda, vote on the matters on the agenda by sending the Chief Executive Officer his/her vote in such a way that a proof of receipt is confirmed, up until the date of the meeting.

Paragraph Four. The members of the Board of Executive Officers may not be unjustifiably absent from exercising their roles, under penalty of being dismissed from office.

Article 39. The resolutions at the Board of Executive Officers' meetings shall be taken by majority vote of attending members, or who have expressed their vote pursuant to Article 38, Paragraph Three, of these Bylaws. In the case of a tie, the Chief Executive Officer will cast a tie-breaking vote.

Article 40. At the end of the meeting, minutes shall be drawn up and signed by all members who attended the meeting.

Sole Paragraph. The votes cast by members who participated remotely in a Board of Executive Officers' meeting, or who have manifested themselves according to Article 38, Paragraph Three of these Bylaws, shall be highlighted and attached to the respective minutes.

Article 41. The Board of Executive Officers is responsible for managing the Company's business affairs and, in the exercise of this duty, must comply with and enforce the laws, the rules of these Bylaws, the resolutions taken at the General Shareholders' Meeting and by the Board of Directors, its Internal Regiment and good corporate governance practices, for the benefit of the Company and the public interest that justified its creation.

Article 42 The Executive Board, notwithstanding other powers provided in the applicable legislation, shall be responsible for:

I - recommending approval, by the Board of Directors, of the Company's strategic plan, business plan for the following annual fiscal year, the updated long-term strategy that analyzes risks and opportunities for, at least, the next 5 (five) years, the investment program, and the corporate budget, in addition to any revisions thereto;

II - approving renewals and new concessions in which the Net Present Value – NPV is a positive result based on an economic-financial feasibility study and, if the NPV is negative, submit the matter for resolution by the Board of Directors;

III - previously authorizing the execution of legal transactions, including loans, financings and the assumption of general obligations involving amounts higher than R\$7,500,000.00 (seven million and five hundred thousand reais), limited to R\$48,000,000.00 (forty-eight million reais);

IV - authorizing the disposal of movable property and provision of guarantee to third parties in amounts higher than R\$100,000.00 (one hundred thousand reais), limited to R\$3,000,000.00 (three million reais);

V - authorizing the exclusion of movable property from assets in amounts higher than R\$100,000.00 (one hundred thousand reais), limited to R\$3,000,000.00 (three million reais), for reasons of destruction, loss and misplacement;

VI - approving the disposal, acquisition, constitution of real encumbrances, and provision of guarantee to third parties of movable property in amounts higher than R\$100,000.00 (one hundred thousand reais), limited to R\$3,000,000.00 (three million reais);

VII - authorizing the exclusion of real estate properties from assets for reasons of idleness;

VIII - authorizing the granting of subsidies to charitable entities, pursuant to the criteria

and limits established by the Company;

IX - authorizing donations of scrap and unserviceable goods, pursuant to the criteria and limits established by the Company;

X - authorizing the filing of lawsuits, administrative proceedings, and execution of in-court and out-of-court agreements in amounts higher than R\$100,000.00 (one hundred thousand reais), limited to R\$5,000,000.00 (five million reais);

XI - authorizing the Company's legal provisions, regardless of their amount, as proposed by the Chief Financial and Investor Relations Officer;

XII - approving the hiring of a depositary institution for bookkeeping services for the Company's shares, reporting this hiring to the Board of Directors;

XIII - approving the constitution and amendment of the Company's Procedures Standard.

Sole Paragraph The amounts mentioned in items III, IV, V, VI and X shall be updated in January of every year, based on the variation of the IPCA (Extended National Consumer Price Index) for the last 12 months.

Article 43 - The Chief Executive Officer is responsible for:

I - managing the Company, ensuring strict compliance with the resolutions and guidelines issued by the Board of Directors and Shareholders' Meetings;

II - coordinating the Company's overall planning, including the preparation of its Long-Term Strategy, Multi-Year Plans, Business Plans and Annual Budgets, to be submitted to the Board of Directors;

III - guiding the Company's works;

IV - defining the basic guidelines for assigning and managing the Company's staff;

V - delegating other attributions to the Officers in view of the Company's best interest, subject to the provisions of these Bylaws and the resolutions of the Board of Directors;

VI - carrying out any other necessary or convenient acts, except for those by which these Bylaws have attributed as responsibilities of the Executive Board.

Article 44. Each individual Executive Officer has the following responsibilities:

I - perform the duties related to their operational area, being responsible for complying with the resolutions and guidelines determined by the Board of Directors and at the General Shareholders' Meeting;

II - attend the Board of Executive Officers' meetings, contributing to the definition of policies to be followed by the Company and reporting matters of their respective divisions;

III - perform all other attributions given by the Chief Executive Officer or by the Board of Directors.

Paragraph One. The Executive Officers, in addition to their own duties and responsibilities, will be managers of the areas assigned to them by the Board of Directors.

Paragraph Two. In addition to these responsibilities, the Chief Financial and Investor Relations Officer shall be responsible for providing information to investors in general, to the Brazilian Securities and Exchange Commission (CVM), to the stock exchanges or over-the-counter markets, domestic and abroad, as well as to the related regulatory bodies, and maintain the Company's records with those institutions updated.

Article 45 The Company will be considered obligated when being represented by:

I - the Chief Executive Officer jointly with one (1) duly appointed attorney-in-fact with special powers;

II - 2 (two) Officers, without distinction, or by 1 (one) Officer jointly with 1 (one) duly appointed attorney-in-fact, to move the Company's financial resources, for endorsements and trade acceptances;

III - 2 (two) duly appointed attorneys-in-fact, jointly, with special powers;

IV - 1 (one) Officer or 1 (one) duly appointed attorney-in-fact with special powers, for the following acts:

- a) to represent the Company before any federal, state and municipal public bodies, class entities, and the Shareholders' Meetings of the companies in which the Company has equity interests;
- b) to endorse checks that will be deposited in the Company's bank accounts;
- c) to operate the bank accounts set up outside the Company's headquarters; and
- d) to represent the Company before labor unions or the Labor Court, for matters involving admission, suspension or dismissal of employees, in addition to labor agreements.

V - 1 (one) Superintendent jointly with 1 (one) Manager, for the following acts:

- a) to sign agreements for technical and scientific cooperation that do not bring burdens to the Company; to sponsor a social entity; to transfer amounts collected by the CONFIA EM 6% Program, or whatever program replaces it; to sign internship contracts; to sign payroll-deductible loans; to manage the *Pro-Mananciais* Program; to sign a Commitment Term with municipalities in reference to data regarding the Municipal Basic Sanitation Plan.

b) to sign Contracts, Cancellations, Amendments and Terms of Re-ratification for the: (i) Supply of Raw Water; (ii) Provision of Services for Receiving and Treating Domestic and Non-Domestic Liquid Effluents – PRECEND; (iii) Provision of Services for the supply of Water and collection of Sanitary Sewage to Large Customers; (iv) Provision of Services to Public Bodies; and (v) to hire engineering works and services, as well as other services and purchases, within the limits approved for bidding exemptions provided in Article 29, items I and II, respectively, of Federal Law 13.303/2016, updated pursuant to COPASA MG's Contracting Regulation;

c) to sign a Term of Agreement and Donation referring to Allotments and the Term of Donation to CEMIG or any another energy concessionaire.

d) to sign property lease agreements, transportation vouchers, and standard meals, in the amounts defined in COPASA MG's Contracting Regulation.

Sole Paragraph. The powers of attorney shall be granted on behalf of the Company and signed by the Chief Executive Officer, jointly with another Executive Officer, specifying the powers granted and, except those for court purposes, shall be valid for no longer than one (01) year.

CHAPTER VI

Fiscal Council

Article 46 The Company's Fiscal Council will operate permanently and will be composed of three (3) to five (5) sitting members, of which one shall be the Council's Chair and the other its Vice Chair, with an equal number of alternates, all of whom shall be elected and dismissed by the Shareholders' Meeting, at any time.

Paragraph One The Shareholders' Meeting, prior to electing the members of the Fiscal Council, shall determine the number of Fiscal Council Members for each term of office, by absolute majority vote, not counting the blank votes.

Paragraph Two The Fiscal Council shall have at least 1 (one) sitting member, and his/her respective alternate, appointed by the State of Minas Gerais, who must be civil servants and have a permanent binding relationship with the Public Administration.

Paragraph Three It is ensured that 1 (one) member of the Fiscal Council shall be a representative of minority shareholders, elected under the terms of Federal Law 6,404/1976.

Article 47. The Fiscal Council members shall be elected for a term of office of two (02) years, with a maximum of two (02) consecutive reelections being allowed, provided that the previous term took place no longer than two (02) years prior.

Paragraph One. After achieving the maximum period referred to in the *caput*, the return



of the member to the Fiscal Council of COPASA MG may only occur after a period of two (2) years.

Paragraph Two. The members of the Fiscal Council shall remain in office until the election and subsequent start of the term of office of their successors.

Article 48. The members of the Fiscal Council of COPASA MG must comply with the following requirements:

- I - be a natural person, resident in the Country and have a good reputation;
- II - have an academic background that is compatible with the position;
- III - have professional experience of, at least, three (03) years in the following roles:
 - a. management or advisor in public administration, directly or indirectly; or
 - b. fiscal counselor or business manager;
- IV - must not classify in the restrictions contained in Article 162, Paragraph 2, of the Brazilian Corporations Law;

Paragraph One. Academic background must be in an undergraduate or post-graduate course that is recognized and accredited by the Ministry of Education.

Paragraph Two. The experiences mentioned in the separate items of section III may not be accumulated with the required period of experience, except if they are related to different periods.

Article 49. The term of office of the members of the Fiscal Council is conditioned to the signing of the Instrument of Investiture, which must contemplate their subjection to the arbitration clause referred to in Article 88 of these Bylaws.

Paragraph One. The elected members of the Fiscal Council must participate, upon signing the Instrument of Investiture and annually, in specific training sessions, pursuant to Article 40 of State Decree No 47.154/2017 under penalty of not being able to be reelected if they do not participate in annual training provided by the Company in the last two (02) years.

Paragraph Two. The individual and collective performance of the Fiscal Council shall be evaluated annually, in accordance with the provisions set in their Internal Regiments.

Article 50 In the event of vacant position for a sitting member on the Fiscal Council, said member will be replaced by his/her respective alternate for the remaining term of office or until the election of a new member.

Sole Paragraph In the event the position of representative of minority shareholders becomes vacant and this results in a non-compliance with the minimum amount required for representatives, a new Shareholders' Meeting must be called to elect the candidate



for said position, observing the requirements for nomination and eligibility.

Article 51 In the event of temporary absence of a sitting member of the Fiscal Council, he/she will be substituted by his/her respective alternate, until the sitting member returns.

Article 52 Compensation for the members of the Fiscal Council shall be set by Shareholders' Meeting, respecting the legal minimum requirement.

Article 53 The Fiscal Council will meet, ordinarily, once every quarter and, extraordinarily, whenever necessary.

Paragraph One. The Fiscal Council's meetings shall preferably be held at the Company's headquarters.

Paragraph Two. The Fiscal Council's meetings may be held by conference call, videoconference or other means of communication.

Paragraph Three. The participation of a member of the Fiscal Council in meetings, pursuant to Paragraph Two of this Article, shall be considered as an in-person attendance.

Article 54 The Fiscal Council's meetings will be called by its Chair or Vice Chair, by means of a call notice with the matters to be discussed on the agenda, sent at least 5 (five) calendar days in advance by the Executive Governance Secretariat.

Paragraph One When urgent, the Fiscal Council's meetings may be called by its Chair without observing the deadline established in Article 53, provided that all other members of the Council are informed.

Paragraph Two Regardless of the formalities provided in this Article, a meeting in which all Council Members are present shall be considered as a regular meeting.

Article 55. The Fiscal Councils meetings shall be installed with the presence of the majority of its members in office, including alternates to the sitting members.

Paragraph One. The Fiscal Council's meetings shall be chaired by the Chairman of the Fiscal Council and shall have a member of the Executive Governance Secretariat acting as secretary.

Paragraph Two. In the event of the temporary absence of the Chairman of the Fiscal Council, these meetings shall be chaired by the Vice-Chairman or, in his/her absence, by a member chosen by a majority vote among the other council members.

Paragraph Three. In the absence of any member of the Fiscal Council, the Council may, depending on the agenda of the meeting, formally express the vote of the absent member, provided a proof of the voting instruction is received by the meeting date.

Paragraph Four. The members of the Fiscal Council may not be unjustifiably absent from exercising their roles, under penalty of being dismissed from office.

Article 56. The resolutions at the Board of Executive Officers' meetings shall be taken by majority vote of attending members, or who have expressed their vote pursuant to Article 53, Paragraph Three, of these Bylaws. In the case of a tie, the Chief Executive Officer will cast a tie-breaking vote.

Article 57. At the end of the meeting, minutes shall be drawn up and signed by all members who attended the meeting.

Paragraph One Votes cast by Council members who participate remotely in the meeting or who have manifested themselves as provided in Article 53, Paragraph Three, of these Bylaws must be recorded in the meeting's respective minutes.

Paragraph Two. The minutes of the Fiscal Council's meeting containing deliberations with effects on third parties must be published and filed in the public registry of commercial companies.

Paragraph Three. The Fiscal Council may admit other participants to its meetings, for the purpose of providing clarifications of any nature, however, such participants may not vote.

Article 58 Notwithstanding the other attributions of the Fiscal Council, this body is responsible for:

I - supervising, through any of its members, the actions carried out by the members of the Company's Management and verifying the fulfillment of their legal and statutory duties;

II - issuing an opinion on the annual management's report, including any additional information deemed necessary or useful for resolution by the Shareholders' Meeting;

III - issuing an opinion on proposals by the management bodies to be submitted to the Shareholders' Meeting regarding changes to the Share Capital, issuance of debentures or subscription warrants, investment plans or capital budgets, distribution of dividends, transformation, merger, consolidation or spin-off;

IV - reporting errors, fraud or crimes to the Company's management bodies and, if they do not take the necessary measures, reporting to the Shareholders' Meeting;

V - calling the Annual Shareholders' Meeting if the management bodies delay the call notice by more than 1 (one) month, and calling and Extraordinary Shareholders' Meeting whenever serious or urgent matters need to be resolved, including said matters in the agenda of the meetings;



VI - analyzing, at least on a quarterly basis, the balance sheets and other financial statements periodically prepared by the Company;

VII - examining the financial statements at the end of the fiscal year and issuing an opinion after they have been reviewed by COPASA MG's Board of Directors;

VIII - performing these duties during the liquidation, in light of the special provisions that govern it;

IX - requesting clarifications or information from management bodies, as long as they are related to the Council's supervisory role, as well as preparing special financial or accounting statements.

X - providing assistance to COPASA MG's Board of Director's meeting in which resolutions must be taken on matters to which the Fiscal Council must issue an opinion (items II, III and VII of this Chapter). The absence of the Fiscal Council members characterizes an omission in the fulfillment of their duties, entailing the responsibility provided in Article 163 of Federal Law 6,404/1976;

XI - requesting, by any of its members, the independent auditors to clarify or provide information it deems necessary and to verify specific facts;

XII - providing a shareholder, or group of shareholders representing at least 5% (five percent) of the Share Capital, as requested, information on matters within its responsibilities.

Sole Paragraph The opinions and representations of the Fiscal Council, or any of its members, may be presented and read at the Shareholders' Meeting, regardless if they have been published.

CHAPTER VII

Statutory Audit Committee

Article 59 The Audit Committee, an advisory body directly linked to the Board of Directors and elected by it, shall be comprised by a minimum of 3 (three) and a maximum of 5 (five) members, most of whom are independent, with at least 1 (one) of its members being an independent member of the Company's Board of Directors.

Sole Paragraph An independent member is one that meets the provisions in Article 21, Paragraph One, these Bylaws, not applying the provisions of section VII.

Article 60. Members of the Audit Committee shall meet the following conditions:

I - must not be or have been, over the past the twelve (12) months prior to his/her appointment to the Committee:

a) a director, employee or member of the fiscal council of COPASA MG, its

subsidiary, affiliate or company in common ownership, directly or indirectly;

b) a technical director, director, manager, supervisor or any role managing a team involved in the audit works at COPASA MG;

II - must not be a spouse or relative, by blood or adoption, up to the second degree, of the persons referred to in subsection I;

III - must not receive any other type of compensation by COPASA MG, its subsidiary, affiliate or company under common control, directly or indirectly, other than that related to their position as member of the Committee;

IV - must not be or have been a holder of effective public office, even if licensed, or a commissioned position in the direct state public administration, in the last twelve (12) months prior to their appointment to the Committee;

V - meet the requirements set forth in the paragraphs of Article 147 of Federal Law 6.404/ 1976.

Paragraph One. The members of the Committee should have professional experience or academic background compatible with their position, preferably in the areas of accounting, auditing or in the Company's sector and have knowledge in auditing, compliance, controls, accounting, risks and similar or experience in such activities, and at least one of the members must have recognized professional experience in corporate accounting matters.

Paragraph Two. Compliance with the provisions of this Article shall be evidenced by documentation maintained at the headquarters of COPASA MG for a minimum period of five (05) years, counted from the last day of the member's term of office.

Article 61. The terms of office of members of Statutory Audit Committee who are not members of the Board of Directors shall be three (03) years, and shall not coincide among all members.

Paragraph One. The Board of Directors may establish a term of less than three (03) years for the purposes of non-coincidence among members, maintaining a period of three (03) years in case of re-election of non-members of the Board of Directors.

Paragraph Two. The Statutory Audit Committee member who is also part of the Board of Directors shall have its term of office limited to its term of office in this body.

Paragraph Three. In the course of their management, Statutory Audit Committee members may only be dismissed in the following situations:

I - death or resignation;

II - unjustified absence of twenty percent (20%) of meetings in each period;

III - leave from the exercise of their functions for more than sixty (60) consecutive days,

except in the case of leaves granted by the Board of Directors; or

IV - justified vote of the absolute majority of the Board of Directors.

Paragraph Four. In the event of vacant member positions to the Committee, the Board of Directors will be responsible for electing a new member to complete the mandate.

Paragraph Five. The member elected pursuant to Paragraph Four of this Article shall have his/her term of office date set as the initial term of office date of the member he/she replaced.

Article 62. The Committee shall have the means to receive reports, including those of a confidential nature, internal and external to the Company, in matters related within the scope of its activities.

Article 63. The minutes of the Committee's meetings shall be disclosed by COPASA MG.

Sole Paragraph. In the event that the Board of Directors considers that the disclosure of the minutes of the Committee meetings may jeopardize the legitimate interests of COPASA MG, only a statement will be disclosed.

Article 64. The functioning of the Committee shall be established by Internal Regiments and meetings shall be held whenever necessary, at least bimonthly, so that the accounting information is appraised before its disclosure.

Article 65. In order to carry out its functions, the Committee shall have access to the information it needs and shall have operational autonomy and annual or project budget allocation, within the limits approved by the Board of Directors, to conduct or determine the conduct of consultations, evaluations and investigations related to its activities, including the hiring and use of independent external experts.

Article 66 The Statutory Audit Committee is responsible for:

I - issuing opinions on the hiring and termination of independent auditors;

II - overseeing the auditors' activities, to assess their independence, the quality of the services provided, and whether these services meet the needs of COPASA MG and its subsidiaries;

III - assessing the quarterly and annual interim financial statements;

IV - supervising the activities carried out by the internal control and internal auditing areas and preparing the financial statements for COPASA MG and its subsidiaries;

V - assessing, on an annual basis, if the Internal Audit's structure and budget are sufficient for the performance of its duties;

VI - monitoring the quality and integrity of internal control mechanisms, financial statements and for the information and measurements disclosed by COPASA MG and its subsidiaries;

VII - assessing and monitoring risk exposures of COPASA MG and its subsidiaries, and requiring, among others, detailed information on policies and procedures related to:

- a) Management compensation;
- b) use of assets;
- c) expenses incurred on behalf of the Company;

VIII - assessing and monitoring, together with COPASA MG's Management and Internal Audit unit, the adequacy and disclosure of related-party transactions;

IX - evaluating, monitoring and recommending management to correct or enhance the Company's internal policies;

X - preparing an annual report with information on activities, results, conclusions and recommendations, and recording any significant differences, if they exist, between Management, independent auditors and the Statutory Audit Committee in relation to the financial statements;

XI - assessing if the parameters used for actuarial calculations and the actuarial result of the benefit plans maintained by the pension fund sponsored by the Company are reasonable;

XII - issuing an opinion to assist shareholders on the appointment of Officers and Members of the Fiscal Council in terms the requirements for these roles and on the absence of prohibitions for these respective elections;

XIII - verifying compliance with the evaluation process for the Management and Fiscal Council Members of COPASA MG and its subsidiaries; and

XIV - issuing an opinion on matters submitted to the Committee by the Board of Directors, as well as on matters it deems relevant.

Article 67. The members of the Audit Committee are responsible for:

I - participating, upon signing the Instrument of Investiture and annually, in specific training sessions, pursuant to Article 40 of State Decree No 47.154/2017 under penalty of not being able to be reelected if they do not participate in annual training provided by the Company in the last two (02) years;

II - perform their duties in the Company's sole interest, meeting the requirements of the public good and its social function;

III - keep confidential any and all information of the Company to which he/she has access due to the exercise of his/her duties, as well as require the same confidential treatment from professional advisors, using such information only for the performance

of executing his/her duties, under penalty of responding for any undue disclosure.

Article 68. The Statutory Audit Committee may act in COPASA MG's subsidiaries.

CHAPTER VIII

Internal Audit Unit

Article 69. COPASA MG's Internal Audit is autonomous and independent and is directly linked to the Board of Directors.

Sole Paragraph. The Statutory Audit Committee is responsible for supervising the activities carried out the Internal Audit unit.

Article 70. The Internal Audit carries out independent, objective and consulting evaluation activities aimed at adding value and improving the Company's operations, helping the Company achieve its strategic objectives and to improve the efficiency and effectiveness of controls, risk management, process performance and corporate governance.

Sole Paragraph. For independent performance, Internal Audit will have:

- I - its own budget; and
- II - specific rules to remove the Auditor General from office.

Article 71 - The Internal Audit is responsible for:

- I - assisting the Statutory Audit Committee and the Board of Directors, within the limits of its attributions;
- II - assessing the adequacy of the Company's internal control, the effectiveness of its risk management and governance processes, and the reliability of the process for collecting, measuring, classifying, accumulating, recording and disclosing events and transactions, in view of preparing its financial statements;
- III - examining and assessing the adequacy, efficiency and effectiveness of the performance achieved by the units in relation to their attributions and to the plans, objectives and policies of COPASA MG;
- IV - investigating fraud and irregularities identified by the Internal Audit, requested by Management or received through a reporting channel;
- V - managing the Company's compliance reporting channel;
- VI - reporting the audit results to the Statutory Audit Committee and the Board of Directors;
- VII - coordinating the relationship with the external control bodies.

Sole Paragraph The Internal Audit must report to the Fiscal Council on the recommendations related to non-compliance with the Company's Code of Conduct and Integrity if Management fails to adopt the required measures in relation a reported situation within thirty days.

Article 72. The Internal Audit shall be authorized to access, without restriction, any of the Company's premises, files, documents and computerized systems, and the units involved shall collaborate in the location and elaboration of information and in the interpretation of acts, data or administrative facts, when requested.

Sole Paragraph. The Internal Audit may request to the divisions within COPASA MG, whenever necessary or pertinent, information that must be presented in a timely and mandatory manner by the divisions' respective directors.

Article 73. The Internal Audit's Internal Regiment, as approved by the Board of Directors, shall govern, among other matters, the rules set forth in item II of the Sole Paragraph of Article 70, as well as in what manner the direct communication with the Fiscal Council will take place, as provided in the Sole Paragraph of Article 71.

CHAPTER IX

Integrity and Risk Management Unit

Article 74. COPASA MG will maintain a specific structure, reporting directly to the Chief Executive Officer, to perform compliance, risk management and internal control activities.

Paragraph One. The Chief Executive Officer may delegate a statutory director as the management of the unit, which may be performed simultaneously with his/her other duties.

Second Paragraph The head of the integrity and risk management unit must formally notify the Chief Executive Officer about ongoing proceedings involving any Officer or members of the Company's Board of Directors, Fiscal Council, Audit Committee, the Deputy Legal Officer or the General Auditor.

Paragraph Three. In the event of the occurrence of Paragraph Two of this Article, the Chief Executive Officer shall formally inform the Chairman of the Board of Directors.

Paragraph Four. The Integrity and Risk Management Unit may report directly to the Board of Directors in situations where the Chief Executive Officer is suspected of being involved in irregularities or by failing to take the necessary measures in relation to the situation that have been reported.

Paragraph Five. For independent action, the Integrity and Risk Management Unit will be assured with the following:

- I - its own budget; and
- II - specific rules to remove the unit's manager from office;

Paragraph Six. The Internal Regiments of the Integrity and Risk Management Unit, as approved by the Board of Directors, will govern, among other matters, the rules set forth in Paragraph Five, item II, of this Article, as well as how direct communication with the Board of Directors will take place, as provided in Paragraph Four of this Article.

Article 75. The Integrity and Risk Management Unit has the following responsibilities:

- I - promote the policies of Risk Management, Internal Controls, Anti-Corruption and other policies pertaining to the Unit's performance and disseminate the culture of integrity in the organization;
- II - analyze activities and actions of the various units of COPASA MG, in order to maintain their adherence to the regulations, laws, codes, norms and standards; and
- III - lead and supervise the activities of risk management and implementation of internal controls.

CHAPTER X

Fiscal Year, Income and Dividends

Article 76. The fiscal year shall begin on January 1st and end on December 31st (thirty-first) of each year, when the financial statements provided for in the applicable legislation shall be prepared.

Article 77. The net income determined in the year shall have the following appropriation:

- I - the portion of five percent (05%) shall be deduced for the constitution of the legal reserve, which shall not exceed twenty percent (20%) of the Capital Stock;
- II - the portion corresponding to, at least, twenty-five percent (25%) of the net income, calculated on the balance obtained with deductions and additions provided for in the Article 202, I, II and III of the Corporation Law, shall be distributed to shareholders as:
- III - mandatory minimum annual dividends;
- IV - the remaining balance, after complying with the provisions in the previous items of this Article, shall have the appropriation determined by the Shareholders' Meeting based on the management proposal, pursuant to the provisions in the Article 176, Paragraph Three and Article 196 of the Brazilian Corporations Law, in compliance with the provisions in the Article 134, Paragraph Four of the referred Law. Should the balance of profit reserves surpass the Capital Stock, the Shareholders' Meeting shall resolve on the use of the excess in the payment or in the Capital Stock increase or, also, in the distribution of additional dividends to the shareholders.



Article 78. The Company may pay its shareholders Interest on Equity (IoE), which may be imputed to the mandatory minimum dividend.

Article 79. The Company may draw up mid-year or quarterly balance sheets, and it may, based on them, declare, by resolution of the Board of Directors, interim and periodical dividends or Interest on Equity. The interim and periodical dividends and Interest on Equity provided for in this Article may be imputed to the mandatory minimum dividends.

Article 80. The dividends and Interest on Equity which are not claimed within the term of three (03) years after the date on which they are made available to shareholders revert in favor of the Company.

CHAPTER XI

Legal Defense

Article 81. The Company's management, members of the Fiscal Council and Statutory Committees are responsible, under the terms of the law, for the acts committed and for the damages caused in the performance of their duties.

Article 82. The Company, in the event it does not take the active pole of the lawsuits, shall ensure its management and members of the Board of Directors, of the Fiscal Council and Statutory Committees, by means of its Legal Department, or by contracted third parties, the defense in judicial and administrative proceedings moved by third parties against its managers, during or after their respective terms of office, until the end of the limitation period of the responsibilities of these managers and members, by acts related to the exercise of their own functions.

Paragraph One. The guarantee provided for in the *caput* of this Article is extended to the Company's employees and to its attorneys in fact legally constituted, who act on behalf of the Company.

Paragraph Two. If a member of management, the Fiscal Council, the Statutory Committee or Company employee be condemned, with decision made final and unappealable, based on violation of the law or these Bylaws or due to condemned person's fault or malice, he/she shall reimburse the Company of all the costs, expenses and losses caused by it, except when it is evidenced that the act was practiced in good faith, reasonably and aiming at the interest of COPASA MG.

Paragraph Three. When the Company does not opportunely appoint an Attorney for the defense of a member of the Board of Executive Officers, the Board of Directors, the Fiscal Council, or employee, if he/she is dismissed, he/she shall be entitled to the repayment of costs and fees of counsel disbursed in the suit.

CHAPTER XII

Disposal of the Share Control

Article 83. The direct or indirect disposal, on the account of the State of Minas Gerais, of the Company's control is prohibited, including by shareholders' agreement about the exercise of the control power, except in the assumption provided for in Article 14, Paragraph 4, item II, of the State Constitution.

Article 84. Should the assumption provided for in Article 14, Paragraph 4, item II of the State Constitution or its amendment take place, the direct or indirect disposal of the Company's control, both by means of a single transaction or by means of successive transactions, it shall be contracted under condition that the acquirer agrees to carry out a public tender offer for shares issued by the Company owned by other shareholders, in compliance with the conditions and terms provided for in current rules and legislations and in the *Novo Mercado* Regulation, by means of ensuring equal treatment to that given to the seller.

CHAPTER XIII

Dissolution

Article 85. The Company shall be liquidated in the events provided for by the law, and the Shareholders' Meeting is the appropriate body to determine the form of dissolution and appoint the liquidator and the Fiscal Council that must operate in the dissolution period.

CHAPTER XIV

Arbitration

Article 86. The Company, its shareholders, management and members of the Fiscal Council, sitting members and alternates, undertake to decide, through arbitration before the Market Arbitration Panel, in the form of its regulation, all and any dispute or controversy that may arise among them, related to or arising from its condition as issuer, shareholders, managers, and members of the Fiscal Council, in particular, arising from the provisions contained in Federal Law 6.385/1976, Federal Law 6.404/1976, in the Bylaws of COPASA MG, in the rules issued by the Brazilian Monetary Council, by the Central Bank of Brazil and by the Brazilian Securities and Exchange Commission, as well as in the other rules applicable to the operation of the general capital markets, in addition to those included in the *Novo Mercado* Regulation and other regulations issued by B3 and the *Novo Mercado* Listing Agreement.



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