

## 1 TARGET AUDIENCE

This policy applies to Companhia de Saneamento de Minas Gerais - COPASA MG.

## 2 PURPOSE

The purpose of the Dividend Policy is to define the practices adopted by COPASA MG regarding shareholder remuneration, aiming to provide transparency to the market and investors, with predictability in income and seeking to meet the best Corporate Governance standards.

## 3 REFERENCES

To apply this Policy it may be necessary to consult:

- a) **Federal Law 6,404, of December 15<sup>th</sup>, 1976**, as amended, which provides for the Brazilian Corporate Law.
- b) **Federal Law 9,249, of December 26<sup>th</sup>, 1995**, which amends the legislation on corporate income tax, social contribution on net income, and other provisions.
- c) **Federal Law 11,445, of January 5<sup>th</sup>, 2007**, which establishes the national basic sanitation guidelines and the Interministerial Basic Sanitation Committee, amending Law 6,766, of December 19<sup>th</sup>, 1979, Federal Law 8,666, of June 21<sup>st</sup>, 1993, and Federal Law 8,987, of February 13<sup>th</sup>, 1995, in addition to revoking Federal Law 6,528, of May 11<sup>th</sup>, 1978.
- d) **Federal Law 13,303, of June 30<sup>th</sup>, 2016**, which provides for the legal statute of state-owned and mixed-capital companies and their subsidiaries, within the scope of the Federal Government, States, Federal District, and Municipalities.
- e) **Federal Law 14,026, of July 15<sup>th</sup>, 2020**, which updates the legal framework for basic sanitation and amends Federal Law 9,984, of July 17<sup>th</sup>, 2000, among other amendments.
- f) **State Decree 47,154, of February 20<sup>th</sup>, 2017**, which provides for the legal status of state-owned and mixed-capital companies and their subsidiaries, within the scope of the State, pursuant to Federal Law 13,303, of June 30<sup>th</sup>, 2016, and other provisions.
- g) **Technical Note ARSAE MG CRE 14/2021**, which presented the results for the 2<sup>nd</sup> Periodic Tariff Review of COPASA MG.
- h) **Technical Note ARSAE MG CRE 15/2021**, which presented the methodology for the tariff review of COPASA MG.

## **4 GUIDELINES**

### **4.1 General Guidelines**

4.1.1 Compliance with the public interest that justified the creation of COPASA MG.

4.1.2 The guarantee of resources, in its Investment Plan, to meet the provisions of Federal Law 11,445/2007 and Federal Law 14,026/2020, in particular regarding the universalization of basic sanitation services and other established qualitative and quantitative goals.

### **4.2 Form and Criteria for Shareholder Compensation**

#### **4.2.1 Regular Dividends**

4.2.1.1 Regular Dividends shall be in the form of Dividends or Interest on Equity (IoE).

4.2.1.2 Declared IoE shall be considered as mandatory minimum legal dividend.

4.2.1.3 The basis for calculating Regular Dividends is the "Adjusted Net Income", which is defined as Net Income after reduction or increase of the amounts specified in items I, II and III of Article 202 of Federal Law 6,404/1976.

4.2.1.4 The percentage of Adjusted Net Income to be distributed as Regular Dividends shall be defined, by the Board of Directors, upon approval of the corporate budget for the fiscal year, always observing the following parameters:

- a) the mandatory legal minimum;
- b) the maximum limit of 50% (fifty percent).

4.2.1.5 Regular Dividends must be declared, by the Board of Directors, on a quarterly basis.

4.2.1.6 Regular Dividends must be paid within 60 (sixty) days from the date in which they were declared by the Board of Directors, except for the amounts referring to the fourth quarter, which shall be defined at the Annual Shareholders' Meetings (ASM) that approves the Financial Statements for the fiscal year.

4.2.1.7 The Board of Directors may recommend, in observance with legislation and the Company's Bylaws, changes in the percentage of Adjusted Net Income to be distributed in the form of Regular Dividends during the year, pursuant to the limits established in item 4.2.1.4, as a result of COPASA MG's financial situation, outlooks, and investment strategies, as well due to macroeconomic conditions and other factors considered relevant.

4.2.1.8 The ASM that approves the Financial Statements of each fiscal year is responsible for resolving on the conditions and remuneration amounts to be distributed to shareholders.

4.2.1.9 Pursuant to Federal Law 6,404/1976, the payment of mandatory dividends may exceptionally not occur during periods in which COPASA MG's management bodies informs the AGO that they are incompatible with the Company's financial situation. In this case, all undistributed profits not absorbed by losses in subsequent years must be paid as soon as permitted by COPASA MG's financial situation.

## 4.2.2 Extraordinary Dividends

4.2.2.1 Pursuant to the general guidelines indicated in item 4.1 of this Policy, and in observance with legal, regulatory, statutory and financial restrictions, as well as covenants, Extraordinary Dividends may be distributed as assessed by the Board of Directors.

4.2.2.2 After the assessment indicated in sub-item 4.2.2.1, the Board of Directors may propose, upon consulting the Audit Committee, the General Shareholders' Meeting to resolve on the distribution of Extraordinary Dividends.

## 5 FINAL CONSIDERATIONS

5.1 The application of this Policy does not imply in changes to the regulations that govern employee profit sharing rights at COPASA MG, whose specific rules are defined in its own Regulation approved by the Board of Directors.

5.2 This Policy shall come into effect on the date it is approved by the General Shareholders' Meeting.

### **Control Information:**

Version 0 (Institution) - approved by the General Shareholders' Meeting on 04/28/2009.

Version 1 - approved by the General Shareholders' Meeting on 04/29/2015.

Version 2 - approved by the General Shareholders' Meeting on 09/13/2016.

Version 3 - approved by the General Shareholders' Meeting on 05/07/2018.

Version 4 - approved (revision without amendments to the content) by the Board of Directors' Meeting on 01/23/2020.

Version 5 - approved by the General Shareholders' Meeting on 04/28/2023.

Area Responsible for Managing the Document – Investor Relations Department.

Revision Bodies – Executive Board and Board of Directors.

Approval Body – General Shareholders' Meeting.

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