

A young child with short brown hair is shown in profile, drinking water from a modern, curved faucet. The child's hands are cupped around the spout. The background is a blurred interior space with a brick wall and a bookshelf. The image is overlaid with a large, semi-transparent blue shape that contains the text.

aegea

ESG Issuances

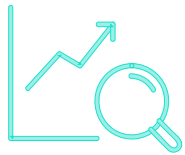
Allocation Report, Impact Report and
ESG-Related KPIs and Targets Tracking



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About this *Report*



BRL 13.4 billion in ESG issuances on the local and international capital markets



Latin America's 1st Sustainability-Linked Bonds (SLB) issued in the industry



ESG Targets rated as ambitious/highly ambitious



1st company in Brazil to have a racial diversity target to increase the number of black employees in leadership roles

In recent years, Aegea and its subsidiaries and affiliates have accessed the local and international capital markets with issuances including ESG and/or ESG-labeled targets to fund sanitation investments, with direct benefits and positive impacts on the environment and society. As of year-end 2023, these issuances amounted to BRL 13.4 billion.

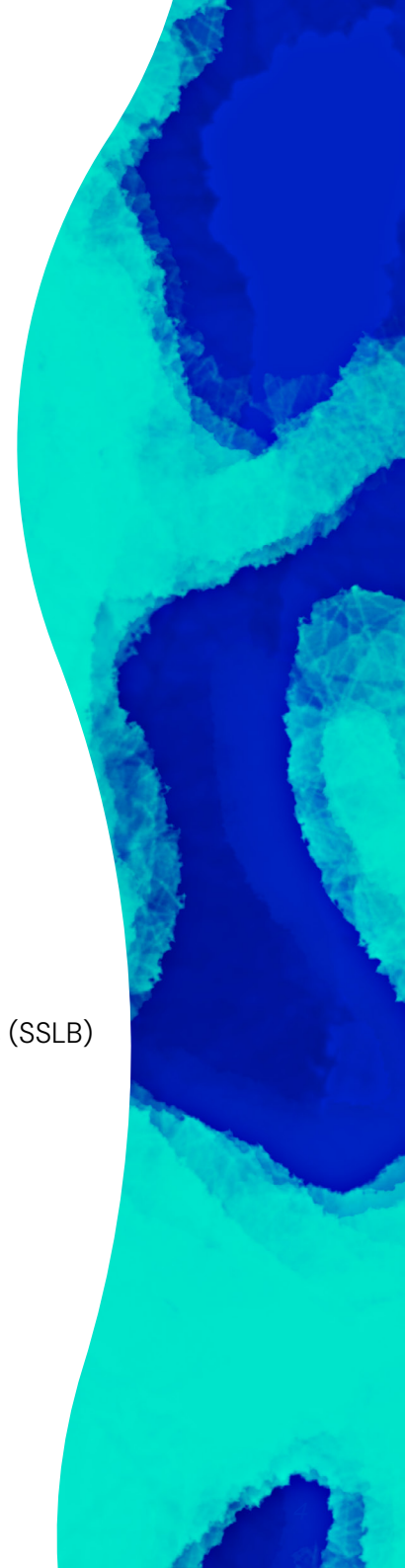
Aegea was the first sanitation company in Latin America to issue debt securities associated with meeting ESG-related targets with its 2022 Issuance of Sustainability-Linked Bonds (SLB). In 2023, to underscore its commitment to sustainability, the Company issued a new ESG bond on the international market, adding the component

of sustainable use of proceeds to the ESG-related targets assigned to the security. In addition to these two bonds, the Aegea group's portfolio of ESG issuances also includes one local market debentures issuance labeled as Sustainable, given the use of the proceeds in projects that directly benefit the environment and society, and five issuances labeled as Sustainable and Blue, with the funds going to projects that contribute to the preservation of the oceans and marine life.

In line with the Voluntary Process Guidelines for Issuing Green Bonds announced in 2021 by the International Capital Market Association (ICMA), and with the Suggested Impact Reporting Metrics for Sustainable Water

and Wastewater Management Projects published by the ICMA in June 2017, Aegea discloses, its Allocation Report, Impact Report, and ESG-related KPIs and Targets Tracking for operations assigned "ESG" seals and/or targets, as follows:

- Águas de Teresina Sustainable Debentures
- Águas do Rio 1 Sustainable and Blue Debentures
- Águas do Rio 4 Sustainable and Blue Debentures
- Prolagos Sustainable and Blue Debentures
- Aegea Sustainability-Linked Bonds (SLB)
- Aegea Sustainable and Sustainability-Linked Bonds (SSLB)



ESG-Related Funding

The table below lists Aegea's ESG-labeled funding

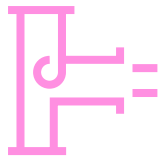
Project Name	Águas de Teresina Sustainable Debentures	Prolagos Sustainable and Blue Debentures	Águas do Rio 1 Sustainable and Blue Debentures	Águas do Rio 4 Sustainable and Blue Debentures	Águas do Rio 1 Sustainable and Blue Debentures	Águas do Rio 4 Sustainable and Blue Debentures	Aegea SSLB	Aegea SLB
Company	Águas de Teresina S.A.	Prolagos S.A.	Águas do Rio SPE 1 S.A.	Águas do Rio SPE 4 S.A.	Águas do Rio SPE 1 S.A.	Águas do Rio SPE 4 S.A.	Aegea Finance S.a r.l	
Operation	4th debentures issue	6th debentures issue	3rd debentures issue	3rd debentures issue	2nd debentures issue	2nd debentures issue	2023 Senior Notes	2022 Senior Notes
Type	Sustainable debentures	Sustainable and blue debentures					Sustainable and Sustainability-linked bonds	Sustainability-linked bonds
Pledge	Use of proceeds						Use of proceeds and sustainability-linked targets	Sustainability-linked targets
Funding date	May 2022	September 2023	October 2023				September 2023	April 2022
Amount	BRL 600 million	BRL 400 million	BRL 795 million	BRL 1.27 billion	BRL 3.5 billion	BRL 2.1 billion	US\$ 500 million	US\$ 500 million
Implementation period	2020-2028	2022-2024	2021-2030		2021-2024		De 2021 até 2030	
ESG-related project description	Expansion of and upgrades to water supply and sewage collection and treatment systems		Expansion of and upgrades to water supply and sewage collection and treatment systems, and investment in water supply and sanitary sewerage in irregular, non-urbanized areas.		Investments in the regionalized concession of water supply and sewage collection and treatment services in the regions of Blocs 1 and 4 in the city and state of Rio de Janeiro.			N/A
ESG-related Targets description	N/A	N/A	N/A	N/A	N/A	N/A	Attaining 3 of the Aegea group's 2030 ESG-related targets, as follows: 15% decrease in Specific Energy Consumption (in kWh/m³); increasing Women in leadership roles (managers to CEO) to 45%; increasing Black employees in leadership roles (managers to CEO) to 27%	
Framework of Reference	Sustainable Framework, prepared by Aegea in May 2022 and available here .	Sustainable Bond Framework, prepared by Aegea in May 2023 and available here .					Sustainable and Sustainability-Linked Bond Framework, prepared by Aegea in September 2023 and available here .	Sustainability-Linked Bond Framework, prepared by Aegea in April 2022 and available here .
External Review Report	Issued by Sitawi Finanças do Bem and available here .	Issued by Sustainalytics and available here .					Issued by Sustainalytics and available here .	Issued by Sustainalytics and available here .

Allocation Report

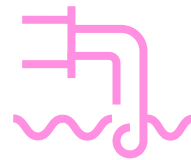
At year-end 2023, the sustainable and sustainable and blue proceeds were allocated as follows:

Use of proceeds at year-end 2023, in %	Águas de Teresina Sustainable Debentures	Águas do Rio 1 Sustainable and Blue Debentures		Águas do Rio 4 Sustainable and Blue Debentures		Prolagos Sustainable and Blue Debentures	Aegea SSLB
		2 nd debentures issue	3 rd debentures issue	2 nd debentures issue	3 rd debentures issue		
Share of proceeds allocated to eligible projects under the Framework	100	100%	100%	100%	100%	100%	100%
Share allocated to project execution	69%	100%	62%	100%	95.4%	25%	100%
Amount outstanding for allocation to project execution (a)	31%	–	38%	–	4.6%	75%	0%

Impact Report



0.6 million people served with sewage collection and treatment for the first time



34.6 million cubic meters of sewage collected and treated and prevented from discharge into water bodies, equivalent to 14 thousand Olympic swimming pools



2.3 million people served with treated water supply for the first time



25.4 million cubic meters of water produced, equivalent to 10 thousand Olympic swimming pools

3









We present, next, the estimated impact of the projects, pursuant to the following documents published by the International Capital Markets Association (ICMA) on the matter: Suggested Impact Reporting Metrics for Sustainable Water and Wastewater Management Projects, of June 2017, Handbook Harmonized Framework for Impact Reporting, of June 2022, Harmonized Framework for Impact Reporting for Social Bonds, of June 2023, and Bonds to Finance the Sustainable Blue Economy – A Practitioner's Guide, of September 2023.

The proceeds from the Águas do Rio 1 Sustainable and Blue Debentures – 2nd issue, Águas do Rio 4 Sustainable and Blue Debentures – 2nd issue, and Aegea SSLB were allocated to the same project, so that their impacts have been consolidated for reporting purposes.

Additional details on the metrics used to calculate outputs and impact indicators can be found in the annexes hereto.

						Expansion of and upgrades to water supply systems				Expansion of and upgrades to sewage collection and treatment systems			
													
Sustainable water and sewage management projects	Project amount (a)	Share of the project eligible for Sustainable and/or Blue label	Issue amount (b)	Financed share of the project (c)	Project duration (d)	Output (f)		Impacts (f)		Output (f)		Impacts (f)	
						Volume of water produced	Households served with water (thousands)	No, of people gaining access to clean water (e)	Other potential impacts to be measured	Households served with sewage collection and treatment (thousands)	No, of people gaining access to sewage collection and treatment (e)	Raw sewage prevented from disposal into water bodies	Other potential impacts to be measured
Project name	BRL million	%	BRL million	%	In years	Thousands of cubic meters/ year	Thousands	Thousands of people	<ul style="list-style-type: none">• Decrease in the number of hospitalizations due to water-related diseases• Decrease in healthcare spending• Decrease in the number of hospitalizations due to water-related diseases• Decrease in the percentage of water-related diseases• Increase in access to clean and affordable water• Improved health community outcomes• Decreased pandemic risk	Thousands	Thousands of people	Volume of sewage treated in thousands of cubic meters/ year	<ul style="list-style-type: none">• Decrease in healthcare spending• Improved access to sanitation infrastructure• Improved community health outcomes• Decrease in pandemic risk• Decreased exposure of the coastline, communities and ocean users to health hazards associated with irregular disposal of sewage• Lower rates of issues related with coastal and oceanic pollution
Águas de Teresina Sustainable Debentures	631.2	100%	600.0	95%	11	6,302.3	36.6	112.9		32.2	99.2	3,347.4	
Águas do Rio 1 Sustainable and Blue Debentures – 2nd Issue	15,403.0	100%	3,492.1	23%	3	13,466.0	798.5	2,076.0		154.7	402.1	31,162.7	
Águas do Rio 4 Sustainable and Blue Debentures – 2nd Issue		100%	2,050.9	13%	3								
Aegea SSLB	65%	2,514.5	16%	3									
Águas do Rio 1 Sustainable and Blue Debentures – 3rd Issue	4,323.5	100%	795.0	18%	9								
Águas do Rio 4 Sustainable and Blue Debentures – 3rd Issue	6,629.6	100%	1,270.0	19%	9								
Prolagos Sustainable and Blue Debentures	400.0	100%	400.0	100%	4	5,631.1	32.7	85.0		32.7	85.0	119.9	
Estimated impact						25,399.4	867.8	2,273.9	219.6	586.3	34,630.0		

Notes

(a) Total amount of projects labeled Sustainable and/or Blue

(b) Amount of the Sustainable and/or Blue issue allocated to the project

(c) Share of the project funded with proceeds from Sustainable and/or Blue bond issues

(d) Based on the time in years needed to execute the funded investments. Águas de Teresina Sustainable Debentures: 2019–2030. Águas do Rio 1 Sustainable and Blue Debentures and Águas do Rio 4 2nd issues: 2021–2024. Águas do Rio 1 Sustainable and Blue Debentures e Águas do Rio 4 3rd emissions: 2021–2033. Sustainable and Blue Debentures: 2020–2028

(e) The result of the number of households served in 2023 minus the number of households served in year zero of the project multiplied by the number of residents per domicile as disclosed by the Brazilian Institute of Geography and Statistics (IBGE)
(f) Accumulated project impact from year 0 (zero) to 2023, with year 0 being: Águas de Teresina Sustainable Debentures = 2019; Águas do Rio Blue and Sustainable Debentures and Aegea SSLB = 2021; Prolagos Blue and Sustainable Debentures = 2020

ESG-related KPIs and Targets Tracking Report

We present, next, the tracking report on ESG-related 2030 targets associated with SLB and SSLB issuances:

KPI	2021 Baseline	2023 Effective	2025 Interim Target	2027 Interim Target	2030 Target
Reduced specific energy consumption for water and sewage treatment ¹ (kWh/cu mt)	0.39 kWh/m ³	0.35 kWh/m ³	0.36 kWh/m ³	0.35 kWh/m ³	From 0.39 to 0.33 kWh/m ³
Women in leadership roles (manager to CEO)	32%	32%	38%	41%	From 32% to 45%
Black employees in leadership roles (manager to CEO)	17%	20%	22%	24%	From 17% to 27%

Each target is measured by means of specific KPIs whose progress is measured daily within the Company, and performance therein being part of the directors' goals measured for bonus-payment purposes.



Environmental Target:

to reduce the specific energy consumption used to treat water and sewage by 15% (kWh/m³)

Electric energy is one of the main inputs used to produce and distribute water and treat sewage, hence the importance of efficient use of energy resources. This target's KPI is Specific Energy Consumption, which measures the amount of electric energy consumed by water production and distribution, and sewage collection and treatment units, in kWh, relative to the total volumes, in cubic meters (m³), of water produced and sewage treated, thereby measuring Aegea's energy efficiency.

In 2023, specific energy consumption was 0.35 kWh/m³ down 11.0% from the baseline (0.39 kWh/m³). For the purposes of verifying the KPI's performance pursuant to the SLB and SSLB, there shall be two interim measurements before 2030, where the Company must reach an 8% decrease in the KPI by 2025 for the SLB, and 11% by 2027 for the SSLB. Failure to meet the 2025 and 2027 KPIs implies a 15-bp (basis point) increase in the interest rates paid on each issuance.

Diversity targets:

to increase the percentage of women in leadership roles (managers to CEO) to 45% and of Black employees to 27%

Human capital is a material topic for the Company's business and key to its long-term success. In recent years, Aegea's headcount has been growing at approximately 30% annually, with 18 thousand employees in 2023, 7 times more than 2016, for example, when the Company employed 2.4 thousand. As a direct provider of services to the population, Aegea aims to reflect the same diversity found in the municipalities it serves. The company's objective regarding diversity is for the served population to see itself reflected in the company, which provides a means to reinforce its social license to operate. Aegea believes that implementing structured diversity programs can produce a competitive

edge not only attracting the best talents, but also retaining them. In this sense, the Company implemented diversity targets for leadership roles going from line management to CEO. The Company believes that a more diverse leadership enables making better and more impactful decisions.

As of December 31, 2023, the percentage of women in leadership roles at Aegea was 32%, in line with the baseline. It is worth emphasizing that the target includes any new operations and assets Aegea may encompass in the years preceding the target. That is, when Aegea acquires a new asset, it inherits its diversity characteristics and must

implement therein its Respeito Dá o Tom ("Diversity Sets the Tone") diversity program. This was precisely the case in 2023, with the acquisition of Corsan, whose Aegea diversity program is already undergoing implementation. For the purposes of verifying the KPI's performance pursuant to the terms of the SLB and SSLB, there shall be two interim measurements before 2030, where the Company must achieve a 38% target by 2025 for the SLB and must achieve a 41% target by 2027 for the SSLB. Failure to meet the 2025 and 2027 KPIs implies a 5-bp (basis point) increase in the interest rates paid on each issuance.



The percentage of Black employees in leadership roles at year-end 2023 was 20%, up 3 p.p. from the baseline. This target, like the gender diversity-related one, includes new operations and Assets Aegea may encompass in the preceding years. In 2023, operations began at Ambiental Ceará, with emphasis due to the higher number of Black employees in leadership positions generated by the new operation.

Concerning the KPI performance under the SLB and SSLB, the Company must achieve a 22% target by 2025 for the SLB and must achieve a 24% target by 2027 for the SSLB in interim measurements. Failure to meet the 2025 and 2027 KPIs implies a 5-bp (basis point) increase in the interest rates paid on each issuance.



ESG-Related KPIs and Targets Audit



VERIFICATION CLAIM - BUREAU VERITAS

Bureau Veritas Certification Brazil (Bureau Veritas) was hired by AEGEA to conduct a Limited verification regarding the data reliability of the Key Performance Indicators (KPIs) defined by the Organization.

This verification was conducted by a multidisciplinary team, including verifiers with competence in the environmental, social and corporate governance areas.

CONCLUSION

Based on the verification carried out by us and the evidence obtained, we are of the opinion that the data that make up the two Key Performance Indicators (KPIs) defined by AEGEA are reliable.

We are of the opinion that the process flows analyzed, the traceability of the data and the reliability of the systems used in the generation and consolidation of data associated with the KPIs, reflect the Organization's ability to present reliable results associated with the baselines analyzed.

At the end of the Verification process, a Detailed Report was generated, maintained as a record in our internal database. This Report demonstrates the entire sampling trail of verified data and information in the context of our analysis.

1. WORK SCOPE

The scope of verification included the specific analysis of two Key Performance Indicators (KPIs), with the evaluation of the reliability of the data used to define the baselines of each KPI.

Below we list the KPIs defined by AEGEA:

- Diversity - Women and Blacks (black and brown) in leadership positions (from CEO to managers);
- Energy - Total energy consumption in the processes of production and distribution of water and in the processes of collection and treatment of sewage divided by the total volume of water produced and sewage treated.

The past data and information, verified by our team, refer to the year 2023, and the baseline adopted by AEGEA is December 2021 (for both KPIs).

2. RESPONSIBILITIES OF AEGEA AND BUREAU VERITAS

The collection, calculation and presentation of the data are the sole responsibility of AEGEA's management. Bureau Veritas is responsible for providing an independent opinion to AEGEA in accordance with the scope of work defined in this claim.

3. METHODOLOGY, LIMITATIONS AND EXCLUSIONS

The verification took place through document analysis and interviews with those responsible for the information. The following technical analyses were contemplated:

1. Flow of processes associated with each KPI;
2. Traceability of the data that make up the KPIs;
3. Reliability of systems and possible instruments involved in the generation and consolidation of data associated with KPIs.

The verification level adopted was Limited, according to the requirements of the ISAE 3000¹ standard, incorporated into Bureau Veritas' internal verification protocols.

1 International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information.

The analyses carried out **do not** cover:

- Goals associated with KPIs;
- Accuracy of data over time (future analysis);
- Goal ambition for the analyzed KPIs.

4. TECHNICAL OPINION REGARDING KPIS

4.1 Diversity

- We found that the KPI refers to the number of women and the number of blacks in leadership positions (from CEO to managers).
- We highlight that the database of women and blacks in the Organization is extracted from the ADP System, which guarantees the reliability of the data. In addition, we verified that the HR area extracts the data from the system and provides it to the KPI sponsor area for management and decision making.
- We verified that these data are entered into the ADP system through digital forms produced by the TECFY system and filled directly by the admitted employee.
- We found that in the database for calculating the KPI, in the censuses since 2020, black and brown self-declarations were collected (making up the black race), while in the 2019 census brown or black self-declarations were collected (race and skin color).
- We found that there are already goals set by the year 2030. We also verified the existence of action plans to achieve goals for this KPI. This includes measures of attraction and selection of blacks and women, as well as development programs and creation of female and black talents in the Organization.
- We found that Aegea in December 2023 had 391 employees in leadership positions. Of this total, there were 125 women and 80 blacks (brown and black), in December 2022, there were 231 employees in leadership positions. Of this total, there were 82 women and 47 blacks

(brown and black), in December 2021, there were 192 employees in leadership positions. Of this total, there were 61 women and 32 blacks (brown and black).

- We also found as support the action plan established, the Respect Program gives Tom & ID_BR and Academia Aegea.
- We verified that the data to compose the indicator refer to the voluntary claim of employees at the time of admission, being removed from the database at the time of their dismissal. In addition, we highlight that the information is monitored monthly.

4.2 Energy

- We verified that the KPI consists of the total energy consumption in the processes of production and distribution of water and in the processes of collection and treatment of sewage divided by the total volume of water produced and treated sewage.
- We highlight that the database of the volume of water produced and imported (in m³) is extracted from the COGNUS System (budget planning and control system) that receives this data automatically from each Operating Unit, which guarantees the reliability of the data.
- We also highlight evidence that energy consumption invoices are introduced into the VIRIDIS system by employees performing this control.
- We found that there are already goals set by the year 2030. We also verified the existence of action plans to achieve goals for this KPI. This includes increased operational efficiency; implementation of new technologies; reduction of water losses through the use of innovative technologies to detect leaks, including specific software and equipment, such as geophones; promotion of campaigns and programs for conscious water consumption; and increased inspections.
- We found that AEGEA's energy consumption (measured in kWh/m³) was 0.35 in December 2023, 0.38 in December 2022, 0.39 in December 2021.

5. CLAIM OF INDEPENDENCE AND IMPARTIALITY

Bureau Veritas is an independent professional services company specialized in Quality, Environment and Sustainability Management Systems, among others, with more than 185 years of experience in

independent verification services.

Bureau Veritas has a quality management system, certified by a third party, according to which it maintains documented policies and procedures for compliance with ethical, professional and legal requirements.

The verification team has no relationship with AEGEA, conducting this verification independently.

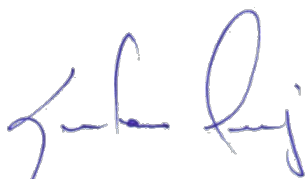
Bureau Veritas has implemented and applies a Code of Ethics throughout its business to ensure that its employees maintain higher standards of ethics, integrity, objectivity, confidentiality and professional competence/behavior in their daily activities.

CONTACT

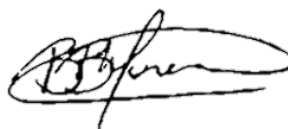
www.bureauveritascertification.com.br/faleconosco.asp

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Rio de Janeiro, April 11, 2024.

A handwritten signature in blue ink, appearing to read "Gustavo Henrique de Sousa Araujo".

Gustavo Henrique de Sousa Araujo
Lead Auditor
Bureau Veritas Certification – Brazil

A handwritten signature in blue ink, appearing to read "Bruno Bomtorim Moreira".

Bruno Bomtorim Moreira
Certification Technical Manager
Bureau Veritas Certification – Brazil

Annexes

Table 1 – Calculation of Households and people with water and sewage service

Company	Households served with water (thousands)			Residents per household (a)	Change in people served with water (thousands)	Total people served with water (thousands)	Households served with sewage (thousands)			Residents per household (a)	Change in people served with sewage (thousands)	Total people served with sewage (thousands)
	Year 0 (b)	2023	Change				Year 0 (b)	2023	Change			
Águas de Teresina	443.2	479.8	36.6	3.08	112.9	1,477.8	93.5	125.7	32.2	3.08	99.2	387.2
Águas do Rio 1	658.6	906.4	247.9	2.60	644.4	2,356.6	316.8	362.2	45.4	2.60	118.1	941.8
Águas do Rio 4	1,639.8	2,190.4	550.6	2.60	1,431.6	5,695.1	991.9	1,101.1	109.2	2.60	284.0	2,862.9
Prolagos	265.6	298.3	32.7	2.60	85.0	775.5	265.6	298.3	32.7	2.60	85.0	775.5
Total	3,007.1	3,874.9	867.8	-	2,273.9	10,305.0	1,667.8	1,887.3	219.6	-	586.3	4,967.4

(a) As disclosed by the Brazilian Institute of Geography and Statistics – IBGE in an inquiry made in March 2023. For Águas de Teresina, considers the statistics for the Municipality of Teresina and considers Rio de Janeiro state-level statistics for Águas do Rio 1 and 4 and Prolagos.

(b) Results immediately preceding the project start.

Table 2 – Calculation of treated water and sewage volumes

Company	Volume of water produced (thousands of m ³ /yr)			Volume of an Olympic swimming pool m ³ (a)	Change in volume of treated water (Olympic swimming pools)	Total volume of treated water (Olympic swimming pools)	Volume of sewage treated (thousands of m ³ /yr)			Volume of an Olympic swimming pool in m ³ (a)	Change in volume of sewage treated (Olympic swimming pools)	Total volume of sewage treated (Olympic swimming pools)
	Year 0 (b)	2023	Change				Year 0 (b)	2023	Change			
Águas de Teresina	104,199.6	110,501.9	6,302.3	2,500	2,521	44,201	10,732	14,079	3,347.4	2,500	1,339	5,632
Águas do Rio 1	306,971.9	310,384.7	3,412.8	2,500	1,365	124,154	191,701	209,709	18,007.9	2,500	7,203	83,884
Águas do Rio 4	919,477.4	929,530.6	10,053.2	2,500	4,021	371,812	72,985	86,140	13,154.8	2,500	5,262	34,456
Prolagos	36,934.6	42,565.7	5,631.1	2,500	2,252	17,026	24,379	24,499	119.9	2,500	48	9,800
Total	1,367,583.5	1,392,982.9	25,399.4	-	10,159.8	557,193.2	299,797.4	334,427.4	34,630.0	-	13,852.0	133,771.0

(a) Source: <https://phinizycenter.org/olympic-swimming-pools/#:~:text=It%20turns%20out%20that%20Olympic,water%20or%20about%20660%2C000%20gallons.>

(b) Results immediately preceding the project start.

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