

Schedule I to Exhibit V - REGULATORY FRAMEWORK

Operation of Escrow Accounts and Framework of Reference Fee Value

Chapter 1. Preamble and Purpose

1.1. This Schedule I to Exhibit V - REGULATORY FRAMEWORK ("**Schedule**") establishes the flow of allocation of funds from FAUSP, established under article 4 of State Law No. 17,853, of December 8, 2023, in order to allow the APPLICATION FEE to be reduced, in relation to which the fee amount will be used as reference applied by SABESP prior to the DATE OF EFFECTIVENESS and in subsequent years, as determined by article 2, sole paragraph of Law No. 17,853, of December 8, 2023.

1.2. For the purposes of this Schedule, whenever an APPLICATION FEE lower than or equivalent to the BALANCE FEE is used subject to item 6 of Exhibit IV - FEE EXHIBIT, ARSESP will make an annual estimate of the necessary amount of resources intended for fee moderation, pursuant to chapter 3 of Exhibit V - REGULATORY FRAMEWORK taking into account the difference between the amount to be invoiced to the APPLICATION FEE and what would be invoiced considering the BALANCE FEE, as well as the projection of growth of the REFERENCE MARKET for the period, including type of service and category of use.

1.2.1. Once the estimate mentioned in item 1.2 above is made, the amount will be informed by ARSESP to the FAUSP Steering Council so that the latter may transfer the necessary amount to the accounts system described in this Schedule.

1.2.2. Under this Schedule, ARSESP will also request that a supplementary amount be transferred from FAUSP to a specific escrow account if during the year of the agreement execution the amount initially projected by ARSESP is verified to be insufficient, under item 2.6 of this Schedule.

1.2.3. ARSESP will approve the quarterly consumption histogram that will determine (i) the difference between the amount invoiced to USERS with the APPLICATION FEE and the amount that would have been invoiced considering the BALANCE FEE; and (ii) the FEE REVENUE portion ascertained by SABESP and not transferred to the MUNICIPAL FUNDS because they have not yet been individually qualified by ARSESP, and defining the quarterly funds to be transferred to the Escrow Accounts referred to in this Schedule if due.

1.3. Capitalized terms have the definitions contained in Clause 1 of the AGREEMENT (Title II - Definitions - Chapter I - Glossary) and in the Exhibits, or the definitions detailed under this Schedule if the AGREEMENT and Exhibits thereto provide for no definition.

Chapter 2. Annual Projection and composition of Escrow Accounts

2.1. Through its Steering Council and pursuant to its regulatory rules, FAUSP shall open and keep at its own expense bank account(s) with an official STATE financial institution, under the terms provided for in Decree No. 62,867, of October 3, 2017, throughout the term of effectiveness of the AGREEMENT for the allocation of the amounts composing FAUSP resources, in order to enable the escrow of the resources intended fee moderation.

2.2. ARSESP shall adopt the last year of execution of the AGREEMENT as a historical consumption parameter ("**Parameter**"), plus the projection of growth of the REFERENCE MARKET for the period, including type of service and category of use, to establish, annually, the amount of resources to be provisioned from FAUSP for transfer to the bank account created for this specific purpose, under this Schedule, whose balance will be linked to the AGREEMENT ("**Escrow Account 1**"). The projection is made by ARSESP:

(a) for each year of the AGREEMENT, considering the base date of the ADJUSTMENT under Exhibit V - REGULATORY FRAMEWORK, the first one to be made for the year 2025;

(b) throughout the term of effectiveness of the AGREEMENT, subject to the terms and conditions of Law No. 17,853/2023 and the balance of the Escrow Accounts; and

(c) ensuring that it is completed at least thirty (30) days in advance for the first quarterly transfer of FAUSP funds to SABESP the subsequent period if due.

2.3. Annually, the FAUSP Steering Council will execute the budget informed by ARSESP pursuant to item 2.2 above, and transfer such amount to the Escrow Account 1 within ten (10) calendar days as from the communication of the annual projection made by ARSESP, which is referred to in item 2.2 above.

2.4. SABESP shall ascertain any differences occurred during the execution of the agreement between the invoicing in the effective market by the APPLICATION FEE and what would have been invoiced considering the BALANCE FEE ("**Invoicing Histogram**"), also highlighting the FEE REVENUE portion earned by SABESP and not passed on to MUNICIPAL FUNDS because not yet qualified by ARSESP, which shall be submitted to ARSESP within ten (10) calendar days from the end of the quarter, so that it may proceed with the appraisal and approval, within ten (10) calendar days from the receipt of the Invoicing Histogram.

2.4.1. The Invoicing Histogram of the execution of the agreement will have quarterly ascertainments, so that ARSESP will notify the BANK indicating the transfer amount mentioned in item 2.8. of this Schedule ("**Payment Notice**") to SABESP.

2.4.2. When analyzing and approving the Invoicing Histogram, ARSESP shall verify:

(a) if the amount collected by SABESP through the APPLICATION FEE, including the FEE REVENUE portion earned by SABESP and not transferred to MUNICIPAL FUNDS because not yet authorized by ARSESP, entitles SABESP to transfer funds under item 2.4.5 or receive funds, under item 3.2 below; and

(b) Any divergence from what is contained in the Invoicing Histogram, to be remedied through the compensatory adjustments provided for in Chapter 4, in which case ARSESP shall proceed with the Payment Notice reflecting the uncontroversial terms, within the deadlines provided for in this Schedule.

2.4.3. Quarterly Invoicing Histograms will be reviewed and attested by ARSESP at the end of each year.

2.4.4. The review and attestation by ARSESP under item 2.4.3 of this Schedule shall consider any compensatory adjustments in order to make the FEE REVENUE annual amount obtained by the APPLICATION FEE equivalent to what would have been obtained by the BALANCE FEE.

2.4.5. Without prejudice to those provided for in Exhibit V - FEE FRAMEWORK, compensatory adjustments may involve, for example, AMENDMENTS AND CANCELLATIONS not evaluated by ARSESP, the result of which shall be considered in the next Parameter.

2.5. After the approval process provided for in items 2.4 of this Schedule, if due, SABESP shall transfer to a bank account, to be created for such specific purpose, any positive balance in its favor, ascertained during the entire period of execution of the AGREEMENT, characterized when the FEE REVENUE amount earned through the APPLICATION FEE, including the amount equivalent to the transfers due to the Municipal Funds until such amounts are individually qualified by ARSESP, is greater than that which would have been earned through the BALANCE FEE, under Exhibit V - REGULATORY FRAMEWORK ("**Escrow Account 2**").

2.6. ARSESP shall also request from BANK quarterly statements of the availability of funds in the Escrow Account 1 and Escrow Account 2 (together, "**Escrow Accounts**") to verify the

accounting of the balance existing in the remaining period until the next projection referred to in item 2.2 above.

2.7. Based on the statements mentioned in item 2.6 above, if the remaining balance of the Escrow Accounts is insufficient to ensure the resources intended for fee moderation, ARSESP shall request FAUSP, at least sixty (60) days in advance, to transfer an additional amount to Escrow Account 1 in order to ensure the transfers to SABESP.

2.8. Once the approval mentioned in item 2.4 of this Schedule has occurred, ARSESP shall inform the BANK and SABESP, within five (5) days, of the amounts that shall be transferred to SABESP if due, from Escrow Account 1 or Escrow Account 2, according to the order of priority established under this Schedule.

2.9. Under this Schedule, the Escrow Accounts have a restriction on transactions allowed whose transactions may only be made to enable the allocations and receipts provided for in this Schedule, and will be kept at SABESP's expense with the financial institution of its free choice ("**BANK**").

2.10. The Escrow Accounts shall be opened and maintained by SABESP, in its own name and/or in the name of FAUSP, as agreed between the PARTIES.

2.11. By mutual agreement, the PARTIES may agree to create other accounts for the operation of the provisions of this Schedule, to which item 2.12 below applies, unless expressly agreed otherwise between the PARTIES.

2.12. For all legal purposes, the PARTIES and ARSESP acknowledge that the funds deposited in the Escrow Accounts may only be transferred by the BANK under this Schedule.

Chapter 3. Transactions in the Escrow Accounts

3.1. ARSESP undertakes not to provide any instructions to BANK regarding the Escrow Accounts, except for the Payment Notice.

3.2. If the Invoicing Histogram approved by ARSESP demonstrates the need for FAUSP resources to ensure the resources intended for fee moderation, ARSESP will issue the Payment Notice for the BANK to make the transfer to SABESP'S FREE MOVEMENT ACCOUNT within three (3) calendar days from the receipt of the Payment Notice, respecting the following order:

- (a) as a priority, the use of the resources available in the Escrow Account 2; and
- (b) in the event of insufficient funds in Escrow Account 2, the amounts available in Escrow Account 1 will be used.

3.3. If due, SABESP will quarterly transfer to Escrow Account 2 the amount specified in item 2.5 of this Schedule, within ten (10) calendar days from the approval under item 2.4 of this Schedule, and notify, within the same period, ARSESP about the effectiveness of the transfer, with subsequent proof by the BANK to ARSESP within five (5) calendar days.

Chapter 4. Compensatory Fee Adjustment

4.1. Annually, SABESP will inform ARSESP of the actual amounts already adjusted as from the rectification or ratification of the data of the Invoicing Histograms and the transfers already made, pursuant to item 3 of this Schedule.

4.2. Based on the information provided in accordance with item 4.1. of this Schedule, ARSESP will calculate the compensatory fee adjustment on an annual basis, which means the consolidated amount considering the invoices corrections (amendments and cancellations) made in the year during the term of the AGREEMENT. The resulting annual balance will be offset during the

subsequent payment cycle made by FAUSP or SABESP, as the case may be, being distributed on a monthly pro-rata basis during the following year, composing the quarterly amounts provided for in items 3.2 and 3.3 of this Schedule.

4.3. The annual compensatory adjustment must be completed within the same period provided for in item 2.2 (c) above, in order to enable the proper projection by ARSESP.

4.4. Whenever requested, the BANK shall send information on the Escrow Accounts, including balances, statements and histories of investments, deposits and transfers.

Chapter 5. Permitted Investments

5.1. The holder of the Escrow Accounts may request the application of the amounts deposited in the Escrow Accounts in permitted investments, provided that such amounts have not been transferred or are not scheduled for transfer under this Schedule ("**Permitted Investments**").

5.2. As provided for in clause 34 of the AGREEMENT, the amounts due and the amounts deposited in the Escrow Accounts shall be capitalized at the SELIC rate in order to ensure the amounts remain current in relation to inflation at the time of disbursement.

5.3. The investments in Permitted Investments shall be in accordance with current legislation and present the necessary liquidity, to allow the use of such amounts by the BANK, as provided for in this Schedule, and:

(a) all investments in Permitted Investments will be made with funds from the Escrow Accounts and redemptions must be made by means of credit to the respective accounts;

(b) income from Permitted Investments, less taxes and expenses due, will be credited and maintained in the corresponding escrow account and transferred to SABESP provided that the BANK has not received a Payment Notice;

(c) the BANK shall not act as financial advisor to the other Parties; and

(d) the funds deposited in the Escrow Accounts may only be invested in Permitted Investments if such investments are strictly in accordance with the terms set forth in this Schedule.

5.4. Permitted Investments will be authorized in the following modalities:

(a) Post-fixed Public Bonds issued by the National Treasury, with liquidity compatible with the transfer obligations provided for in this Schedule and in the AGREEMENT; and

(b) Investment fund shares, with liquidity compatible with the needs of said accounts, whose investment policy allows the allocation of resources exclusively in the assets identified in item 5.4 (a) above, and only the execution of derivative transactions to protect the positions held in cash, up to the limit thereof.

Chapter 6. Guidelines on the Escrow Accounts Management Agreement

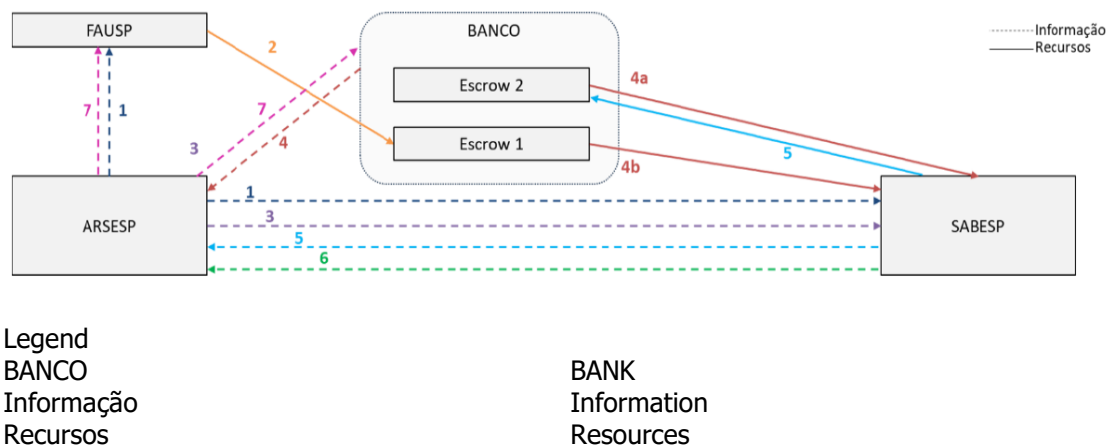
6.1. SABESP, ARSESP, FAUSP and BANK shall enter into an Escrow Account Management Agreement, subject to the following guidelines:

6.1.1. **Purpose of the Escrow Account Management Agreement:** to regulate the transactions of Escrow Accounts arising from the AGREEMENT.

6.1.2. **Definitions:** to establish the defined terms whose concept is adopted for the application of the rules established in the Escrow Account Management Agreement.

- 6.1.3. **Taxes:** establish the system and responsibilities for the collection of taxes levied.
- 6.1.4. **Parties Involved:** provide as parties FAUSP, SABESP, ARSESP and the BANK designated as the financial agent responsible for the transactions in and administration of the accounts.
- 6.1.5. **Assumptions:** on the date of execution of the Escrow Account Management Agreement, SABESP must have contracted the BANK, which must already have opened the Escrow Accounts.
- 6.1.6. **Management of Escrow Accounts:** detail the creation, operation of, and transactions in the Escrow Accounts, including the waiver of the right of bank secrecy by SABESP or any other holder that may be designated in relation to this account.
- 6.1.7. **Deposits in Escrow Account 2:** require that all funds provided for in item 2.7 of this Schedule be deposited directly into Escrow Account 2.
- 6.1.8. **Changes in Escrow Accounts:** establish the conditions and procedures for the movement of funds within the Escrow Accounts, including transfers, application and redemption of Permitted Investments.
- 6.1.9. **Permitted Investments:** provide for the conditions and types of investments that may be made with the funds of the Escrow Accounts, as well as the rules for requests, authorizations and redemption of Permitted Investments.
- 6.1.10. **Deposit of Representative Documents:** establish that SABESP will be designated as the trustee of the documents related to the Escrow Accounts.
- 6.1.11. **Obligations of the BANK:** list the specific responsibilities of the BANK in relation to the administration of the Escrow Account Management Agreement, especially its obligation to act as custodian of the financial resources in the Escrow Accounts and the conditions under which it may waive such functions, including maintaining its performance until any substitute bank is hired.
- 6.1.12. **Representations and Warranties:** include the representations and warranties provided by FAUSP, SABESP and the BANK in relation to their ability to comply with the obligations of the Escrow Account Management Agreement, as well as to recognize that the balances of the Escrow Accounts do not constitute the equity of SABESP or FAUSP.
- 6.1.13. **Term of effectiveness:** to establish the duration of the Escrow Account Management Agreement and the conditions under which it may be terminated or expire.
- 6.1.14. **Penalties:** define the penalties for the PARTIES in case of non-compliance with the obligations established in the Escrow Account Management Agreement.
- 6.1.15. **General Provisions:** define general aspects of the agreement, including remuneration of the custodian, contractual amendments, communications between the parties, assignment of rights, impediment to encumber, in any form, the balances existing in the Escrow Accounts, the applicable Brazilian legislation and the methods of resolving divergences.

Chapter 7. Flowchart of the operation of the Escrow Accounts



1. **STEP 1:** ARSESP annually estimates the necessary fee revenue and informs the FAUSP Steering Council and SABESP of the estimate of the amount necessary to ensure the resources intended to the fee moderation for the subsequent full YEAR, based on the projected invoicing and the balance of the Escrow Accounts.
2. **STEP 2:** FAUSP Steering Council transfers the necessary resources for the respective year to Escrow Account 1, based on ARSESP's estimate.
3. **STEP 3:** ARSESP informs BANK and SABESP on a quarterly basis of the amount that must be transferred due to the differences between the APPLICATION FEE and the BALANCE FEE, with reference to the quarter. If the APPLICATION FEE is lower than the BALANCE FEE, **STEP 4** is effective, and if the APPLICATION FEE (including amount due to MUNICIPAL FUNDS not individually authorized by ARSESP) is higher than the BALANCE FEE, **STEP 5** is effective.
4. **STEP 4:** BANK makes quarterly payments to SABESP (D+3) from the steps provided for in the Schedule to **STEP 3**, in the following order:
 - a) Payment made with funds from Escrow Account 2;
 - b) In case of insufficiency of Escrow Account 2, the remaining necessary balance is executed with amounts from Escrow Account 1;
5. **STEP 5:** SABESP transfers quarterly to Escrow Account 2 the amount informed by ARSESP in **STEP 3**, informing ARSESP of the execution, proven by the BANK.
6. **STEP 6:** SABESP informs ARSESP on a quarterly basis of the effective monthly revenue, based on the histograms.
7. **STEP 7:** ARSESP checks the total balance of the Escrow Accounts on a quarterly basis and informs FAUSP of the residual value of the Escrow Accounts, as well as any possible need to supplement the value during the year.
8. **STEP 8:** Based on the information in **STEP 6** consolidated for the period, ARSESP must calculate the annual compensatory fee adjustment based on a meeting of accounts between the amounts transferred to SABESP and the consolidated annual billing. The resulting annual balance will be offset in the next payment cycle by FAUSP or SABESP, as the case may be, being distributed monthly *pro rata* in the quarterly payments of the subsequent year.

Chapter 8. Reference Fee Value Framework

8.1. The reference model contained in this chapter shall be used for the purpose of determining the maximum limit for the APPLICATION FEE, in compliance with the provisions of

article 2, sole paragraph of Law No. 17,853, of December 8, 2023 and as provided for in item 6.3 of Exhibit IV - FEE EXHIBIT.

8.2. The reference framework adopts the regulatory framework used by ARSESP in SABESP's 3rd ORDINARY FEE REVIEW. Using the forward-looking approach, the methodology employs a Discounted Cash Flow for a prospective period of four (4) years, with a discount rate (WACC) of 7.86% equivalent to that defined for the calculation of the INITIAL FEE. It was considered that the next fee review would take place in 2025.

8.3. The calculation of P0 considered all 371 MUNICIPALITIES listed in EXHIBIT I – MUNICIPALITIES SERVED by this AGREEMENT, as well as the permissionaires (Mogi das Cruzes and São Caetano do Sul, wholesale water supply and sewage treatment services).

8.4. All financial values of the model have as base date February 2024. When necessary, the amounts used were monetarily adjusted by the Expanded National Consumer Price Index (IPCA).

8.5. The model adopts the assumptions and regulatory concepts used by ARSESP in the 3rd PERIODIC FEE REVIEW of 2021, which are:

(a) Alternative revenues, used for fee moderation purposes, are calculated as a percentage of the base fee revenue, considering the historical average percentage of these values in the last three years (that is, 2023, 2022 and 2021). This percentage was obtained from the proportion between the sum of the average percentages of complementary revenues, ancillary revenues, reuse waters and associated projects in relation to operating revenues;

(b) Unrecoverable revenues correspond to a percentage of the fee revenue base. In defining this percentage, the methodology used by ARSESP in SABESP's 3rd ordinary fee review was adopted. The information used for this calculation covers the period from January 2019 to December 2023;

(c) OPEX was calculated based on 2022 unit costs after the application of qualitative cancellations, defined according to ARSEP methodology. The OPEX projection considers the application of technological efficiency gains estimated in the MALMQUIST INDEX;

(d) Expenses with SABESP's Public-Private Partnership (PPP) and lease agreements were estimated for future fee cycles;

(e) The amount of the transfer to the municipal funds was accounted exclusively for the forty-three (43) municipal funds authorized by ARSESP until December 31, 2023, considering the limit of 4% on the fee revenue base until 2029. For MUNICIPALITIES that contractually provide for transfers to MUNICIPAL FUNDS, but do not yet have authorization of this fund by ARSESP, it was assumed that these will be authorized as of 2029, resulting in the inclusion of sixteen (16) MUNICIPALITIES in the calculation of the transfer;

(f) The expenses with the payment of the fee for the Use of Water Resources are 2023 amounts, informed by SABESP;

(g) PDI expenses are equivalent to 0.05% of the fee revenue base, according to the amounts established in ARSESP Resolution No. 920 of November 22, 2019;

(h) Fixed investments and capitalizable expenses were estimated considering the universalization in 2033 in all cuts. In addition, the fixed assets of the works in progress in 2023 are considered to be 50% in 2025 and 50% in 2026;

(i) The amounts of interest expenses on works in progress follow the assumptions established by ARSESP in Resolution No. 1,488/ 2024 and correspond to 3.68% of the works;

(j) The payment of indemnity for reversible assets not fully amortized at the end of each contractual instrument in force prior to the DATE OF EFFECTIVENESS is considered for most MUNICIPALITIES according to the current ARSESP regulations. Exception made in the case of the instrument entered into by the Municipality of São Paulo, in which the amortization of investments occurs over the remaining useful life in line with the current rules of said agreement;

(k) Working capital equals a percentage of fee revenue base. For this calculation, the methodology adopted in SABESP's 3rd ordinary fee review revision is considered, using the data from its 2023 balance sheet; and

(l) Income Tax and tax on net profits (CSLL) expenses consider the rate of 34% on Profit Before Income Tax (LAIR) projected.

8.6. Revenues associated with the K FACTOR were considered as financial components and not as reducers of the fee revenue base.

8.7. The table below shows the estimated values for P0 (BRL/m3) and the estimated percentage changes for each ordinary fee revision cycle based on the framework and assumptions defined above.

Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034 ...
		Fee Cycle 2025 - 2028				Fee Cycle 2029 - 2032				Fee Cycle 2033 - 2036	
Average Balance Fee Forward looking Framework (BRL/m3)	6.77	7.51				7.91				7.92	
IRT of RTP (%)		11%				5%				0%	

8.8. The effects arising from EXTRAORDINARY FEE REVIEW events should be considered in the trajectory of the Reference Fee Value.

8.9. At the end of the second tariff cycle of four (4) years from 2029-2032, ARSESP shall update the projections of the reference curve of what would be the provision of SERVICES in the state framework, considering the updated regional plan, based on the rules of URAE-1.