

Sustainable Finance Framework

March 2025

TABLE OF CONTENT

1. In	troduction	1
1.1.	Profile	
1.2.	Sustainability-Driven Corporate Strategy	2
1.3.	Commitment to Sustainability and the Future of Sanitation	
1.4.	Sustainability Governance	5
2. Ra	tionale for Sustainable Finance Framework	7
2.1.	Alignment with Market Principles	7
2.2.	Use of Proceeds	
2.2	2.1. Eligible Green / Blue Project Categories	11
2.2	2.2. Eligible Social Project Categories	15
2.3.	Process of Project Evaluation and Selection	18
2.4.	Management of Proceeds	18
2.5.	Reporting	19
3. Ex	ternal Verification	22
3.1.	Second Party Opinion	22
3.2.	External Review	22
3.3.	Amendments	22
DISCL	ATMER	23

1. Introduction

1.1. Profile

Sabesp (also referred to as, or "the Company"), founded in 1973, is the result of a merger among six entities controlled by the São Paulo State Government connected to basic sanitation: Saec, Comasp, Sanesp, Fesb, SBS, and Sanevale. The Company was founded with the mission of consolidating and expanding basic sanitation, thereby improving public health, comfort, well-being, and quality of life for São Paulo's society. The Company's shares are currently traded on the São Paulo and New York stock exchanges.

Sabesp is considered one of the world's largest sanitation companies in terms of population served. The Company operates in 375 municipalities across all regions of São Paulo State and is responsible for providing water services to 28.1 million people, 25.1 million of whom also received sewage collection services, representing nearly 62% of the state's total population.

More than 50 years of work and dedication have enabled us to provide approximately 30% of the investment in basic sanitation made in Brazil in 2023.

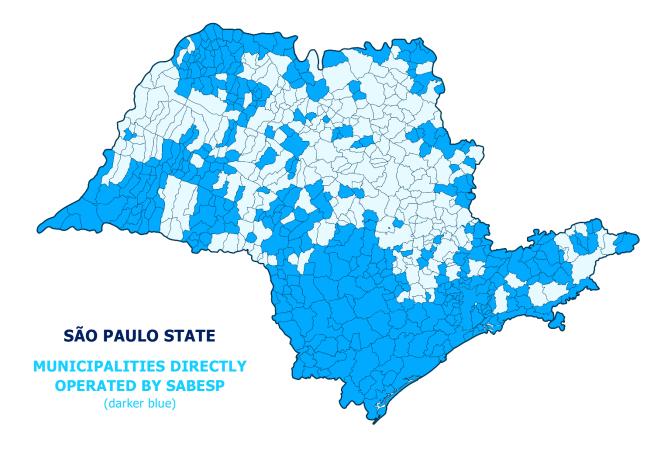
In 2023, Sabesp was cited by the global consultancy Global Water Intelligence (GWI), which is responsible for water-related international publications and data (including Water Magazine and GWI WaterData), as the world's second-largest water and sanitation management company in terms of revenue. Additionally, São Paulo, recognized as South America's largest city by population, was ranked as the Brazilian capital with the best sanitation, according to the 2024 Sanitation Ranking published by the Trata Brasil Institute. Among the top 20, other municipalities served by Sabesp also stood out: Santos (8th), Praia Grande (12th), and Franca (15th). In total, 19 municipalities under the Company's management were included in the ranking, which evaluates the 100 most populated municipalities in the country based on data from the National Sanitation Information System (SINISA).

Additionally, Sabesp provides water and sewage services to four other municipalities in São Paulo (Mogi-Mirim, Castilho, Andradina, and Mairinque) in partnership with private companies. The Company also holds a stake in Aquapolo Ambiental, which supplies the Capuava Petrochemical Complex in the ABC region of São Paulo. Moreover, the Company directly produces, supplies, and sells reclaimed water obtained from the treatment of sewage within its own plants.

To meet the demands of non-domestic sewage, the Company partnered with Attend Ambiental (Attend), a joint venture with Estre Ambiental. Attend, which began operations in 2014 in the municipality of Barueri, receives, pre-treats, and subsequently discharges non-domestic sewage into the public sewage system in compliance with legal standards.

In the electricity segment, Sabesp established Paulista Geradora de Energia S.A. in 2015, dedicated to the implementation and commercial exploration of the hydroelectric potential of small hydroelectric plants at the Cascata Spillway and the Guaraú Water Treatment Station, with a total capacity of 7 MW. On October 19, 2023, CETESB issued the Operating

License for the Guaraú Hydroelectric Generating Station, designed for a flow rate of 33.00 m³/s and expected to generate over 4 MW of electricity.



1.2. Sustainability-Driven Corporate Strategy

Sabesp, through providing sanitation, contributes significantly to the preservation and conservation of the environment as well as the improvement of public health and quality of life. Recognizing the cross-cutting nature and relevance of sustainability principles within the business, the Company has reinforced its corporate strategy by incorporating the Sustainability Agenda into its strategic drivers and objectives.

The Sustainability Agenda aims to develop, at a corporate level, the principles of the 2030 Agenda, which originated from an agreement signed in 2015 by the member countries of the United Nations (UN). The agreement commits to follow the measures recommended in the document "Transforming Our World: The 2030 Agenda for Sustainable Development."

To this end, in 2023, Sabesp linked its strategic objectives and Materiality Matrix, with sustainability principles and integrated these into its methodologies to aligning with the UN Sustainable Development Goals (SDGs). This step was crucial in ensuring a long-term sustainability vision and reinforces the Company's effective contribution to environmental preservation.

Material Themes	3 0000 HEALTH	6 CLEAN WATER AND SANITATION	7 ATTORNAME AND CLEAN ENERGY	8 ESCHT WORK AND ESCHOOLS MICHTH	11 SUSCEMBLE OTTES A BEGINNING	12 ESPONSIBLE COMPLETED AND PRODUCTION	13 ACTION	14 LIFE MELOWN WATER	15 thus	16 PLACE ACCIONS AND SECURITY PROPERTY.	17 MATHEBURE 17 PORTIE OUALS
Access to water and basic sanitation	•										
Legal and regulatory compliance											
Economic and financial performance											
Human capital development											
Circular economy, waste and effluents											
Energy and operational efficiency							•				
Ethics, transparency and integrity											•
Socioenvironmental impacts											
Water resources and system resilience											
Stakeholder relationship											
Dam risks, crises and safety											

Effective management with a focus on sustainability enables the Company to mitigate risks through more efficient risk management and enhanced transparency and compliance, strengthening its reputation and credibility within society. Additionally, the Company fosters new opportunities, business initiatives, and market competitiveness, as well as improved access to favorable financing sources, increasing attractiveness in the financial markets.

Sabesp plays a critical role in ensuring access to clean water and sanitation services in the municipalities where it operates, simultaneously influencing environmental and social development within communities. Sustainability is deeply integrated into business operations. The Company became the first company to receive the "Green Shares" certification, as part of the Green Equity Principles, from the B3 Brazilian stock exchange, B3. As part of the accreditation process, Sabesp received an evaluation by S&P Global Ratings, which concluded that 100% of its revenues and 95% of investments and operating expenses are linked to green activities. S&P Global Ratings Shades of Green confirmed that

3

-

¹ S&P Global Ratings Shades of Green <u>Second Opinion</u>

Sabesp meets the requirements for B3 Ações Verdes (BAV)² set out in B3 Ofício Circular 002/2024-VPE. The BAV follows the World Federation of Exchanges Green Equity Principles guidelines, thus attaining alignment with the requirements for B3 Ações Verdes.

1.3. Commitment to Sustainability and the Future of Sanitation

Sabesp is committed to both people and the planet by providing water and sanitation for all, promoting quality of life, social inclusion, and environmental preservation. To achieve these goals, the Company invests in innovative solutions that ensure water security, universal access to sanitation, and operational efficiency.

Water Security and Climate Resilience

The Metropolitan Integrated System (SIM) connects 9 water production systems, offering flexibility and security in supplying the São Paulo Metropolitan Region (RMSP). To address climate challenges, Sabesp is expanding our infrastructure with strategic projects such as Jaguari-Atibainha, the São Lourenço System, and Sapucaí-Mirim. Ongoing studies continues to ensure efficient water management and balanced supply and demand.

Universal Access to Sanitation and River Revitalization

With the largest simultaneous investment package in its history, Sabesp will invest BRL 60 billion over the next five years to accelerate the universalization of sanitation. Projects such as Integra Tietê and Onda Limpa are expanding wastewater treatment and driving the environmental recovery of rivers and beaches, benefiting millions of people and strengthening sustainable tourism.

Water Access in Informal and Rural Areas

The Água Legal program has already provided safe water supply to 870,000 people, reducing water loss and health risks in vulnerable communities. With the goal of providing universal sanitation by 2029, Sabesp is working alongside municipalities to accelerate land regularization, ensuring that residents have access to sanitation services, social tariffs, and greater dignity.

Operational Efficiency and Water Loss Reduction

The modernization of infrastructure and the adoption of technologies such as remote monitoring and artificial intelligence have helped reduce water losses to 28.8%, below the national average. In addition, awareness campaigns encourage responsible water consumption and contribute to the sustainable use of water resources.

² For more information, please visit: B3 Ações Verdes (<u>https://conteudo.b3.com.br/acoesverdes</u>)

Innovation and Sustainability

Sabesp also invests in the production of reclaimed water, biogas recovery, and renewable energy generation. Projects such as Aquapolo Ambiental and Attend Ambiental reinforce our commitment to developing a sustainable water cycle and the circular economy.

• A Sustainable Future for All

Sabesp's service commitment goes beyond sanitation: we work to transform the relationship between cities and water, contributing to a more sustainable and resilient future.

1.4. Sustainability Governance

Sabesp has strong corporate governance practices, which include transparency, efficient communication, accountability and sustainability. The Company considers corporate governance to increase investor confidence, attract funding, promote sustainable growth and help protect the company's value over time, becoming a crucial element for corporate success and stability.

As part of this commitment, Sabesp has established a Sustainability and Corporate Responsibility Committee, linked to the Board of Directors, with the mission of integrating environmental, social, and governance (ESG) aspects into the Company's strategy and ensuring the adoption of the highest socio-environmental and governance standards in its policies and processes.

Main Responsibilities of the Sustainability and Corporate Responsibility Committee:

- Monitor the implementation of sustainability and climate change policies, with a special focus on the sustainable management of natural resources, working conditions, and the Company's social impact.
- Track corporate goals, including water efficiency, environmental conservation, and community engagement.
- Assess and mitigate socio-environmental risks, such as workplace safety, pollution prevention, biodiversity conservation, impacts on Indigenous peoples, and cultural heritage protection.
- Ensure alignment with international standards, including the Equator Principles, the UN SDGs, and applicable guidelines from multilateral institutions.
- Oversee the company's framework for responding to climate emergencies and the impacts of extreme weather events.

The Sustainability and Corporate Responsibility Committee is composed of three to five members, including at least one representative from the Board of Directors, who also serves as the coordinator. An important feature of this Committee is that one of the members is elected by employees, ensuring worker representation in the Company's sustainability governance.

Through this structure, Sabesp reinforces its commitment to transparency, corporate resilience, and the creation of sustainable value, aligning its operations with global best ESG practices.

2. Rationale for Sustainable Finance Framework

Sabesp has developed its Sustainable Finance Framework (the "Framework") to finance and refinance its assets and operations, aiming to achieve strategic environmental and social impact in alignment with its corporate strategy to contribute to the universalization of basic sanitation in Brazil. Sabesp published its first Sustainable Finance Framework in 2023, and has undergone a Framework update to increase alignment to best market practices and reflect developments within Sabesp's sustainability plan.

Under this Framework, the Company and its subsidiaries may issue Green, Blue, Social, and Sustainability Financing Instruments (collectively referred to as "Sustainable Finance Instruments" or "SFIs").

To support future issuances of SFIs, Sabesp has established this Framework, which includes:

- **Green Financing Instruments ("Green-FIs"):** Instruments where the proceeds will be applied to finance or refinance, in whole or in part, new and/or existing Eligible Green Projects.
- **Blue Financing Instruments ("Blue-FIs"):** Instruments where the proceeds will be applied to finance or refinance, in whole or in part, new and/or existing Eligible Projects in the categories of Sustainable Water and Wastewater Management, Terrestrial and Aquatic Biodiversity Conservation, and Climate Change Adaptation.
- **Social Financing Instruments ("Social-FIs"):** Instruments where the proceeds or the equivalent amount will be applied to finance or refinance, in whole or in part, new and/or existing Eligible Social Projects.
- **Sustainability Financing Instruments ("Sustainability-FIs"):** Instruments where the proceeds or the equivalent amount will be applied to finance or refinance, in whole or in part, new and/or existing Eligible Green and Social Projects.

Eligible Instruments for SFIs

Under this Framework, the Company may, from time to time, issue senior unsecured notes, debentures, term loans, project finance loans, export credit agency covered loans, private placements (preferred stock or mezzanine debt), commercial papers (with a maturity longer than one year), and loans (such as revolving credit facilities, term loans, and/or contingent facilities), among others, to fund specific investments, assets, and projects that meet the Eligibility Criteria defined in this Framework.

2.1. Alignment with Market Principles

The UN SDGs aim to implement the UN 2030 Agenda for Sustainable Development. This agenda encourages countries and businesses to initiate efforts to achieve the 17 UN SDGs within the next five years. The Company, through its various sustainability initiatives, has identified opportunities to enhance its contribution to the UN SDGs, integrating this challenge into its sustainability strategy.

Sabesp has developed this Framework in accordance with the following voluntary process guidelines (the "Principles"), which are considered best practices to promote transparency, disclosure, and integrity within this Framework:

- International Capital Markets Association (ICMA) Green Bond Principles (GBP)³, 2021 (with June 2022 appendix).
- International Capital Markets Association (ICMA) Social Bond Principles (SBP)⁴, 2023.
- International Capital Markets Association (ICMA) Sustainability Bond Guidelines (SBG)⁵, 2021.
- Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), and Loan Syndication & Trading Association (LSTA) Green Loan Principles (GLP)⁶ 2023 and Social Loan Principles (SLP) 2023⁷ (together with GBP, SBP, SBG, referred to as the "Principles").
- Guidelines for Blue Finance developed by the International Finance Corporation (IFC)⁸, 2022 version, to directly address activities supporting the blue economy and the UN SDGs (SDG 6: Clean Water and Sanitation and SDG 14: Life Below Water).
- The "Guide for the Provision of ESG Securities" of the Brazilian Association of Financial and Capital Markets (ANBIMA).

On a best-efforts basis, Sabesp will consider aligning the criteria set forth in this Framework with those of the Brazilian Sustainable Taxonomy 10 , once its classification is finalized.

The Principles, Guidelines for Blue Finance, and the Brazilian Guide for the Provision of ESG Securities provide a foundation to enable issuers and investors to engage in green, blue, social, and sustainability bonds, loans, and other capital market instruments. These processes leverage existing best market practices to ensure that these instruments are used to finance or refinance projects and programs that contribute to environmental and/or social activities.

³ For more information, please visit: Green Bond Principles (https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles-June-2022-060623.pdf)

⁴ For more information, please visit: Social Bond Principles (https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Social-Bond-Principles-SBP-June-2023-220623.pdf)

⁵ For more information, please visit: Sustainability Bond Principles (https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf)

⁶ For more information, please visit: Green Loan Principles (https://www.lsta.org/content/guidance-on-green-loan-principles-glp/)

⁷ For more information, please visit: Social Loan Principles (https://www.lsta.org/content/social-loan-principles-slp/)

⁸ For more information, please visit: Guidelines for Blue Finance (https://www.icmagroup.org/assets/documents/Sustainable-finance/Learning-resources/IFC-Blue-Finance-Guidance-Document_January-2022-270122.pdf)

⁹ For more information, please visit: "Guide for the Provision of ESG Securities" (https://www.anbima.com.br/data/files/83/A2/52/1A/FC3C781041836978B82BA2A8/GUIA%20PARA%20OFERTAS%20DE%20TITULOS%20SUSTENTAVEIS.pdf)

¹⁰ In March 2025, the Brazilian Sustainable Taxonomy was undergoing public consultation.

Transparency and Disclosure

Sabesp is committed to transparency and will provide information on:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

The Company intends to follow best-practice recommendations on transparency by publicly publishing this Framework and committing to external verification. Sabesp will continue to monitor the sustainable finance market and may adapt this Framework in the future to align with the latest standards and Principles as they evolve.

Should the Company decide to modify the scope of this Framework for future issuances, all changes will be documented in an updated version and published accordingly on its website.

2.2. Use of Proceeds

Sabesp intends to allocate an equal amount to the net proceeds of any SFI based on this Framework to finance and/or refinance, in whole or in part, Green, Blue and/or Social Projects ("Eligible Projects") that meet the eligibility criteria described below. Eligible Projects include those disbursements for which Sabesp or any of its subsidiaries made in the 24 months prior to the issuance up to 36 months following the issuance of any SFI.

For the purpose of this Framework, investments that may be considered Eligible Projects include the following:

- Development, reforms, installation, and expansion, as well as other capital expenditures (CapEx) related to the defined Eligible Projects.
- Procurement, maintenance, and other operational expenses necessary for the execution and sustainability of Eligible Projects.
- CapEx and selected operating expenditures (OpEx), such as maintenance costs that either increase the lifetime or the value of the physical assets meeting the Eligibility Criteria.
- Research and development (R&D) expenditures aimed at developing new products and/or solutions as per the Eligibility Criteria.
- Acquisitions of a majority or minority stake or capital injections in Pure Player¹¹ companies specialized in the green and blue categories described in the Use of Proceeds section of this Framework.
- Other operational expenditures related to the financing of Eligible Projects.

 $^{^{11}}$ A Pure Player company is defined as a company that derives the great majority of its revenues from activities aligned with the criteria of Eligible Green/Blue or Social Categories.

Sabesp will ensure the sum of all the issuances made under this Framework will never exceed the total portfolio of existing and future Eligible Projects through the following:

- Not to double count an investment/project in more than one issuance based on this Framework; and
- To indicate in the appropriate documentation the use of proceeds of each issuance, and indicating which Eligible Projects will be applicable, where feasible.

The categories of projects and expenditures related to environmental and social benefits and their Eligibility Criteria are listed below. Expenditures related to R&D are also included. Each category is also intended to support the implementation of the corresponding UN SDGs.

2.2.1. Eligible Green / Blue Project Categories

Eligible Green /	Eligibility Criteria	Environmental	UN SDG
Blue Category		Objectives	Alignment
Sustainable Water and Wastewater Management	 Investments and expenditure in planning, development, operation, maintenance, enhancement, installation, expansion, acquisition and retrofitting of sustainable water and sewage management systems and technologies, including: Infrastructure to capture, store, treat and distribute water and collect and treat sewage. Infrastructure or drinking water treatment systems that improve or monitor water quality. Optimization and efficiency programs that reduce water footprint in the distribution and consumption of water in operations, production facilities, and offices. Wastewater/sewage treatment and recovery plants and related infrastructure. Urban drainage systems. Water recycling and reuse infrastructure. Water supply/storage infrastructure to recharge water, recover water bodies/tables, rainwater catchment systems Smart system water meters and tools for pressure identification and/or leaks. Desalination plants to produce water to be distributed in drinking water systems¹² 	Increase efficiency in operation of water and sewage systems. Promote access to water distribution, sewage collection and treatment services. Producing water by treating wastewater for reuse.	3 GOODHEATH AND SOUTHERN AND SOUTHERN AND WILLERS AND COMMUNITIES AND COMMUNIT

.

¹² Investments in seawater desalination plants will be powered using eligible renewable energy projects and will conduct proper due diligence regarding brine, feedwater, and impacts on ecosystem and biodiversity. Sabesp commits to eligible investments being in compliance with specific local brine disposal / management regulation and standards.

Eligible Green / Blue Category	Eligibility Criteria	Environmental Objectives	UN SDG Alignment
Renewable Energy	 Investments and expenditure in the generation, design, development, construction, operation, distribution, maintenance and/or purchase of renewable energy and related infrastructure including: Onsite such as solar energy, biogas/biomass¹³ and small hydroelectric plants. Long-term power purchase agreements (PPAs) of at least 5 years from solar or small-scale hydropower. Procurement (including land acquisition), development, installation, operational readiness, operation, and maintenance of electricity transmission and distribution networks supporting renewable energy consumption and the export of excess Renewable Energy generated by Sabesp, or any of its subsidiaries, to the public grid, including programs such as the Photovoltaic Power Distributed Generation Program. 	Increase energy efficiency in operations by reducing consumption and increasing the participation of renewable energy sources.	7 AFFORDARIE AND CLEAR EXERCITE 13 CLIMATE ACTION
Energy Efficiency	 Investments and expenditures in activities, equipment, technology, and other products or projects that increase energy efficiency, reduce energy consumption, or reduce GHG emissions, or projects that help manage and store energy including: Application of LED lighting fixtures, heating, ventilation, and air conditioning (HVAC) optimization, building upgrades, heat recovery systems, vacuum distillation. Technologies such as Pump operating as a Turbine. 	Managing greenhouse gas emissions, including mitigation and neutralization measures.	7 ATTORDABLE AND CICLAR ENERGY 13 AUMATE ACTION

 $^{^{13}}$ A monitoring and contingency plan is or will be in place to minimize methane leakage at the facility(s).

Eligible Green / Blue Category	Eligibility Criteria	Environmental Objectives	UN SDG Alignment
Terrestrial and Aquatic Biodiversity Conservation	 Investments and expenditure for sustainable management and restoration of natural ecosystems, including: Conservation and management projects to restore or maintain catchment systems (rivers, lakes, streams, dams, groundwater and springs) to improve the quality of the environment and water. Projects for the conservation and restoration of forests, riparian vegetation and wetlands to maintain water quality and quantity and to prevent flooding and promote biodiversity. Company programs such as the Green Belt Program, Wildlife Monitoring Programs, Wildlife Conservation Programs, Wildlife Rescue and Salvage Programs, Forestry Management and Replacement Programs, and Water and Aquatic Biota Quality Monitoring Programs. 	conservation and	14 LIFE BELOW WATER 15 DEFENDE
Pollution Prevention and Control	 Investments and expenditure related to projects which reduce and recycle waste recovered from wastewater to prevent pollution and promote the circular economy, including: Anaerobic digestion facilities. Infrastructure to recover energy from waste materials¹⁴. Projects that enhance the circularity and/or- material recovery from treatment plants to produce organic fertilizers. 	Managing greenhouse gas emissions, including mitigation and neutralization measures. Reduce and reuse byproducts from effluent operations.	12 RESPONSIBLE DOCUMENTON AND PRODUCTION 14 LEF RELOW WATER

_

¹⁴ Systems to collect, separate, and send recyclable waste to appropriate facilities. Incineration facilities will not include the incineration of plastics and will feature mechanisms to mitigate and monitor GHG emissions.

Eligible Green /	Eligibility Criteria	Environmental	UN SDG
Blue Category		Objectives	Alignment
Climate Change Adaptation	 Investments and expenditures in infrastructure designed to increase resilience and improve customer reliability, as well as mitigating impacts from climate change, such as severe climatic events, such as more frequent and intense flooding, heat waves, as well as other impacts and changes in climate patterns including: Technology and infrastructure to improve and conduct long-term and operational planning to increase water security and resilience. Infrastructure, nature-based solutions, control systems and/or monitoring of water resources, flood prevention, drought mitigation, soil erosion, and coastal erosion. 	Increasing the resilience of systems to climate change.	6 AND SANTATION 13 CHMATE AND SANTATION

2.2.2. Eligible Social Project Categories

Eligible Social Category	Eligibility Criteria	Social Objectives	UN SDG Alignment
Affordable Basic Infrastructure	 Investments and expenditure in the construction, development, renewal, maintenance and/or expansion of facilities, systems, services, and programs that improve access to drinking water and sanitation systems for low-income populations and population living in a situation of social vulnerability, including: Expansion of systems located in informal urban settlements, in accordance with applicable laws and regulations. Granting of social tariff subsidies, in accordance with laws and regulations. 	Ensuring access to basic sanitation infrastructure Improve quality of life by expanding water and sewage systems.	G CLEAN WAITER AND SANDARIDA 3 GEODREALIN AND WELSERG PROSETRY PROVIDED 9 PROSETRY PROVIDED
Socioeconomic Advancement and Empowerment	Investments and expenditure in job generation and work opportunities for low-income populations and population living in a situation of social vulnerability, in accordance with applicable laws and regulation.	To generate income for population living in a situation of social vulnerability and lowincome population.	8 DECENT WORK AND COMMON AND THE COMMON COMMON TO COMMON THE COMMO

Target Population for Social Projects

The target populations for the category of Eligible Social Projects comply with the provisions of Federal Law No. 11,445/2007¹⁵ and No. 14,026/2020 (New Sanitation Legal Framework), as well as any subsequent amendments, and the applicable regulation in each jurisdiction.

The target populations include:

- Low-income population: Customers benefiting from social tariffs.
- Population living in a situation of social vulnerability: Customers residing in informal urban settlements.

¹⁵ For more information, please visit: Federal Law No. 11,445/2007 (https://www.planalto.gov.br/ccivil 03/ ato2007-2010/2007/lei/L11445compilado.htm), as amended by Federal Law No. 14,026/2020.

It is important to highlight that the Sanitation Legal Framework provides for the existence of social (subsidized) tariffs as an economic policy instrument that contributes to the universalization of access to public sanitation services for low-income populations.

Currently, Deliberation no. 1,544/2024 of ARSESP (Regulatory Agency for Public Services of the State of São Paulo) leverages the use of CadÚnico is an instrument for collecting, processing, systematizing, and disseminating information to identify and characterize the socioeconomic conditions of low-income families residing in the national territory. Under this legal framework, CadÚnico is used as criterion for classifying users into the Social Residential and Vulnerable Residential tariff categories in the public services that regulate water supply and wastewater collection activities.

The Sanitation Legal Framework also defines an informal urban settlement as one that is clandestine, irregular, or an area in which it was not possible to formalize the ownership of its occupants. These vulnerable areas are characterized by the absence or incomplete and/or precarious provision of public services, such as street lighting, waste collection and water supply.

Sabesp will adopt the target populations classification as described above, in compliance with applicable legislation and regulations, committing to report any material changes to these parameters.

EXCLUSION CRITERIA

Below are related projects and activities that cannot be classified as Eligible Projects and therefore cannot be allocated to as part of an SFI issued under this Framework:

- Acquisition, development, operation and maintenance of fossil fuel-based electricity generation systems or coal or fuel oil heating systems;
- Nuclear activities or associated waste;
- Alcohol for consumption, arms, tobacco or gambling industry;
- Weapons industry;
- Connection or expansion of production plants using fossil fuels;
- Production or marketing of any product or activity considered illegal by national or international laws or regulations, conventions and agreements signed by Brazil;
- Illegal employment and/or working practices involving child or youth labor, subject employees to degrading or similar conditions to slave labor;
- Projects or activities which directly or indirectly has violations of the rights of indigenous peoples or traditional peoples and communities;

- Business partners that do not comply with Act No 12.846/2013 (Anti-corruption Act);
- Activities listed in the exclusion list of the International Finance Corporation;
- Production or sale of any product or activity that may relate to importers and exporters with misconduct such as illegal extraction, impacting indigenous lands, conservation units, or measures without appropriate legal authorization.

2.3. Process of Project Evaluation and Selection

The Sustainable Finance Working Group ("Working Group"), composed of the Sustainability and Treasury and Investor Relations boards, will be responsible for overseeing the project evaluation and selection process. This process will be conducted through the identification of opportunities within the boards, with a focus on the Engineering and Innovation and Operation and Maintenance boards.

The Working Group will be responsible for analyzing project eligibility and submitting them for approval to the Executive Board, Management Board, and General Assembly, when applicable. Additionally, the Working Group and the Executive Board meet quarterly, evaluating projects as needed.

Key Responsibilities of the Working Group:

- Evaluate and monitor new and existing Eligible Projects, ensuring they meet the selection criteria described in the Use of Proceeds section of the Framework;
- Implement future updates to the Sustainable Finance Framework, aligning with best market practices;
- Replace expenses that no longer meet the criteria with new projects as soon as possible;
- Review Sabesp's annual Sustainable Finance allocation report;
- Review Sabesp's post-issuance verification report;
- Ensure that projects align with Sabesp's strategic objectives and comply with applicable environmental and social parameters;
- Prioritize projects that contribute to the universalization of sanitation, in accordance with Sabesp's corporate strategy.
- Additionally, socio-environmental compliance will be a prerequisite for project eligibility, including adherence to requirements such as environmental and operational licensing, labor rights, workplace health and safety, and anti-corruption standards.

Sabesp regularly evaluates the environmental and social impacts of its operations and conducts due diligence when analyzing new investment opportunities. The Company will also ensure that Eligible Projects comply with governance and risk rules and that they are not double counted for resource allocation purposes.

2.4. Management of Proceeds

Sabesp will allocate an amount equivalent to the net proceeds from the SFI to Eligible Projects, selected in accordance with the criteria outlined for each associated Eligible Project and the Process for Project Evaluation and Selection presented above. So long as an SFI remains outstanding, internal records will be periodically adjusted to show the amount of the net proceeds from the issuance of such SFI allocated to Eligible Projects to date, as well as the amount of net proceeds pending allocation.

Ultimately, an amount equal to the net proceeds of any SFI is intended to be allocated to new projects and/or the refinancing of Eligible Projects within 36 months after the issuance of each SFI, under the review of members from the Sustainability Board and Treasury and Investor Relations Board.

If, according to the criteria set out in this Framework, a project is no longer eligible, the proceeds will be redirected on a best-efforts basis to other projects that meet the eligibility criteria within 12 months.

For a temporary period, resources may be allocated to other activities of the Company, whether operational, financial, or linked to financial investments, using an equivalent amount as stipulated in the Principles. Until the full allocation of proceeds, these must be preserved in cash or invested in low-risk and high-liquidity alternatives, investment funds with a low-risk rating, or pledged operations of AAA-rated banks according to risk ratings. Additionally, pursuant to the exclusion criteria defined in the Use of Proceeds section, investing any of the unallocated net proceeds from any SFI in controversial or high GHG-emitting sectors or activities is strictly prohibited.

Any payment of principal and interest on any SFI may be made from Sabesp's general corporate accounts.

Annually, the Working Group will review the approved green and social projects to ensure their continued alignment with the Eligibility Criteria and strategic objectives outlined in this Framework.

2.5. Reporting

Sabesp will report annually on the allocation of net proceeds or the equivalent amount to Eligible Projects, in accordance with the categories defined in this Framework. This report will be prepared annually from the issuance date of each SFI, observing market best practices, and will be the responsibility of the Working Group.

The report may be incorporated into the Sustainability Report, the Administration Report, or another specific document, at the Company's discretion, provided that it is properly disclosed on its website. Sabesp may hire a third party to assist in preparing and reviewing this report.

The allocation report will include, at a minimum, the amount allocated to each project category, a brief description of the projects or investment and expenditure items within each category, the percentage of allocation relative to the total proceeds raised, and, in cases of pending allocation, the financial instruments in which temporarily unallocated resources were maintained.

In cases of confidential agreements, competitiveness issues, or a large number of small-scale projects that limit the level of detail that can be provided, the information will be presented and disclosed in a generic or aggregated manner (e.g., percentage of resources allocated to certain project categories).

Sabesp commits to publishing all relevant information in compliance with applicable legislation, confidentiality agreements, conflict-of-interest policies, and, whenever possible, the Principles. Additionally, the environmental and social impacts resulting from the allocation will be reported annually in the Sustainability Report or another document that may replace it, ensuring transparency regarding the benefits generated by the Eligible Projects and proper communication of this information to investors and other stakeholders.

The Sustainability Report may also include quantitative performance indicators and their associated calculation methodology, if available and feasible for reporting, considering the

level of detail accessible and any competitive or confidentiality restrictions. Below is an overview of exemplary impact metrics for Eligible Projects.

Eligible Category	Example Impact Metrics
Sustainable Water and Wastewater Management	 Number of water consumer units (absolute number) Number of sewage consumer units (absolute number) Volume of treated water (m³/year) Volume of treated effluent (m³/year) Volume of reuse water provided (m³/year) Water Supply Service Coverage Indicator in the Municipality (ICA) [%] Water Supply Service Coverage Indicator in Formal Urban Area (ICA_{URB}) [%] Water Supply Service Coverage Indicator in Serviceable Rural Area (ICA_{RUR}) [%] Water Supply Service Coverage Indicator in Consolidated Informal Areas (ICA_{INF}) [%] Sewage Collection or Removal Service Coverage Indicator in the Municipality (ICE) [%] Sewage Collection or Removal Service Coverage Indicator in Formal Urban Area (ICE_{URB}) [%] Sewage Collection or Removal Service Coverage Indicator in Serviceable Rural Area (ICE_{RUR}) [%] Sewage Collection or Removal Service Coverage Indicator in Consolidated Informal Urban Areas (ICE_{INF}) [%] Treated Sewage Collection or Removal Service Coverage Indicator (IEC) [%] Total Distribution Loss Index (IPDT) [liters/connection x day]
Renewable Energy	 Share of total electricity consumption from renewable sources (%) Annual renewable energy consumed/generated (kWh) Annual GHG emissions reduced/avoided (tonnes of CO₂ equivalent)
Energy Efficiency	 Energy consumption per volume of water produced (kWh/m³) Reduction in energy consumption for water production (%) Energy consumption per volume of treated sewage (kWh/m³) Reduction in energy consumption for treated sewage (%) Annual energy savings (MWh/GWh) Annual GHG emissions reduced/avoided (tonnes of CO₂ equivalent)
Terrestrial and Aquatic Biodiversity Conservation	 Area managed under conservation (ha) Reafforested and recovered area (ha) Proportion of preserved area relative to the remaining Atlantic Forest in São Paulo state (%)

Eligible Category	Example Impact Metrics
Pollution Prevention and Control	 Volume of sludge and wastewater recovered (tonnes) Raw sewage prevented from being discharged into water bodies (m³) Annual volume of raw/untreated sewage sludge treated and disposed of (tonnes of dry solids/year) Volume of wastewater treated annually (m³/year) Volume of solid waste recycled (tonnes) Volume of sludge recycled and/or destined for energy production as biogas and other energy sources generated from the waste recycling process (tonnes)
Climate Change Adaptation	 Total invested in infrastructure to increase resilience (BRL/year) Days of water or sewage operation interrupted due to floods (days) Days of sewage operation interrupted due to floods (days) Number of monitoring or alert systems installed (number)
Affordable Basic Infrastructure	 Population served by the potable water supply service (number of inhabitants) Population served by the sewage collection service (number of inhabitants) Population served by the sewage collection and treatment service (number of inhabitants) Average rate of hospitalizations due to waterborne diseases in served municipalities (per 1,000 inhabitants) Households served by the potable water supply service (number of households) Households served by the sewage collection service (number of households) Households served by the sewage collection and treatment service (number of households) Families benefiting from the Social Residential Tariff (number of families) Families benefiting from the Vulnerable Residential Tariff (number of families)
Socioeconomic Empowerment and Advancement	 Number of persons employed (number) Number of job opportunities created (number) Number of jobs retained (number) Increase in labor productivity (BRL) Income from property appreciation (BRL) Income from tourism (BRL) Income generated by investment (BRL) Income generated by increased operation (BRL)

3. External Verification

3.1. Second Party Opinion

Sabesp has appointed S&P Global Ratings to provide a pre-issuance Second Party Opinion (SPO) with regards to the alignment of the Framework with the four components of the Principles. The independent pre-issuance opinion is available on Sabesp's website as well as the Second Party Opinion Provider's website. The document can be accessed through the following link: https://ri.sabesp.com.br/en/company/sustainability-report/

3.2. External Review

On a yearly basis until the full allocation of the net proceeds of the SFI, an independent external reviewer will provide a limited assurance on the allocation of SFIs, in accordance with this Framework. The verifier's report will be publicly available on Sabesp's website.

3.3. Amendments

Sabesp may review this Framework from time to time, including its alignment with up-todate versions of the Principles, as well as other national and/or international standards, with the aim of adhering to best market practices, provided that maintaining or expanding levels of transparency and reporting.

Similarly, Sabesp should also review this Framework in the event of material changes in its corporate strategy (such as changes in the corporate sector, acquisitions, mergers and divestments deemed relevant). Such a review may result in updating and modifying this Framework. Updates, if not minor in nature, will be subject to obtaining a new SPO issued by an independent verifier.

Any updated version of this Framework that may exist will maintain or improve current levels of transparency and reporting. The updated Framework, if any, will be published on the Company's website and will replace this Framework.

DISCLAIMER

The information and opinions contained in this SABESP's Framework (this "Framework") are provided as at the date of this Framework and are subject to change without notice. None of SABESP or any of its affiliates assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current SABESP policy and intent, is subject to change in SABESP's sole discretion at any time and is not intended to, nor can it be relied on, to create any legal relations, rights, or obligations.

This Framework is intended to provide non-exhaustive, general information for illustrative purposes only. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by the SABESP and accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted by SABESP or any of its affiliates as to the fairness, accuracy, reasonableness, or completeness of such information.

This Framework may contain statements about future events and expectations that are forward looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in this Framework.

No representation is made as to the suitability of any instrument to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of Instruments should determine for itself the relevance of the information contained or referred to in this Framework or the relevant Instrument documentation for such Instruments regarding the use of proceeds and its purchase of Instruments should be based upon such investigation as it deems necessary. SABESP has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and reporting, in connection with the SABESP SFIs. However, it will not be an event of default or breach of any contractual obligations under the terms and conditions of any such Instruments if SABESP fails to adhere to this Framework in any respect, whether by failing to fund or complete Eligible Projects or by failing to ensure that proceeds do not contribute directly or indirectly to the financing of the activities specified in this Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as currently contemplated by this Framework, or otherwise.

In addition, it should be noted that all of the expected benefits of the Eligible Projects as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available Eligible Projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of Eligible Projects. Each environmentally focused potential investor should be

aware that Eligible Projects may not deliver the environmental or sustainability benefits anticipated and may result in adverse impacts.

This Framework does not constitute a recommendation regarding any securities of SABESP or any of its affiliates or any other entity. This Framework is not, does not contain and may not be intended as an offer to sell or a solicitation of any offer to buy any securities issued by SABESP or any member of the SABESP. In particular, neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. Any decision to purchase any Instruments should be made solely on the basis of the information to be contained in any offering document provided in connection with the offering of such Instruments. Prospective investors are required to make their own independent investment decisions.