



COMPANHIA RIOGRANDENSE DE SANEAMENTO - CORSAN

PUBLICLY HELD COMPANY

CVM REGISTRATION no. 016748

CNPJ no. 92.802.784/0001-90

MATERIAL FACT

CORSAN SIGNS A R\$300 MILLION LOAN WITH WORLD BANK'S IFC TO REDUCE WATER LOSSES AND IMPROVE ENERGY EFFICIENCY

LOAN IS A PIONEER IN THE UTILITIES FOR CLIMATE INITIATIVE IN LATIN AMERICA AND WILL SUPPORT THE COMPANY'S INVESTMENT PROGRAM

Companhia Riograndense de Saneamento – Corsan (“CORSAN” or “Company”), pursuant to the Instructions issued by the Brazilian Securities and Exchange Commission (“CVM”), especially CVM Instruction nº 358 and CVM Instruction nº 480, hereby informs the Brazilian society, its clients and employees, and the market in general that it has entered into a loan agreement with International Finance Corporation (IFC) in the amount of R\$300 million to finance investments in reducing water losses and improving energy efficiency (“Project”).

On June 29, 2021, the Company’s Board of Directors resolved to approve the terms of the “A” Loan, which has the following characteristics:

- The loan has an eight-year term, with a two-year grace period, with quarterly payments.
- The interest rate is the result of a combination of CDI + 2.58% (R\$123 million; funding pool) and CDI + 3.33% (R\$177 million; swap at disbursement).
- It is the first Sustainability-Linked Loan (“SL”) taken out by CORSAN.
- The SL’s goal will be a reduction in water losses from 43% to 35% by 2024. If this goal is reached, the interest rate will decrease 10 bps.
- First “A” loan taken out in America under IFC’s Utilities for Climate (“U4C”) initiative.
- The Company shall annually report its reduction of greenhouse gas (“GHG”) emissions to IFC.

The total Project cost amounts to R\$453 million, of which R\$358 million will be earmarked to reduce physical losses (water lost in the distribution network) and commercial losses (water that is used by the population, but is not billed). The remaining R\$95 million will be used to replace outdated pumps and other pieces of equipment that consume a lot of energy with more efficient ones. The disbursement by IFC will take place in two tranches, being the first one of R\$300 million, signed today, scheduled for August 2021. A new agreement may be entered into for a second tranche (R\$150 million), probably in 2022 or later.

IFC is providing knowledge and capacity building under the U4C initiative to support CORSAN’s efforts to reduce water losses in the water distribution network. The U4C initiative aims at combining advisory services and investment to help clients address their most pressing needs and establish long-term relationships. This CORSAN Project also contributes to introducing to the



market sustainability-linked loans as an IFC innovative financial product, with potential to enable investments in the water infrastructure sector.

The anticipated direct impact of this Project is to improve the quality of water supply services in Rio Grande do Sul, as well as the environmental benefits of reducing water waste. At the market level, the Project will contribute to increasing the competitiveness of the water sector in Brazil by demonstrating a feasible water loss reduction strategy that improves the financial viability of water utilities.

In connection with the transaction, CORSAN signed a commitment with IFC to comply with a strict Environmental and Social Action Plan, which sets out goals for adapting to the best ESG practices in the market, in accordance with the Performance Standards of that institution, including the development of an Environmental and Social Assessment and Management System, practices related to working conditions and the health and safety of employees, communities and other stakeholders.

The Company's Management, through its Investor Relations department, is available to provide further information.

Porto Alegre, June 30, 2021.

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CFO and Investor Relations Officer

Investor Relations

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About Companhia Riograndense de Saneamento - Corsan

Corsan is responsible for the construction and operation of public drinking water supply and sewage services in the State of Rio Grande do Sul (RS). The Company operates in 317 of 497 municipalities and has 96,58% of universal access to drinking water in managed urban areas and 17,61% of universal access to sewage. Its scope reaches about six million people. Corsan also works by treating industrial effluents and solid residues from the III Petrochemical Complex, based in Triunfo (RS), as well as industrial effluents produced by the Industrial Motors Complex of General Motors do Brasil, in the city of Gravataí (RS). Corsan, headquartered in the city of Porto Alegre, is a mixed-capital company, whose share control is exercised by the State of Rio Grande do Sul.
