



SUSTAINABILITY REPORT

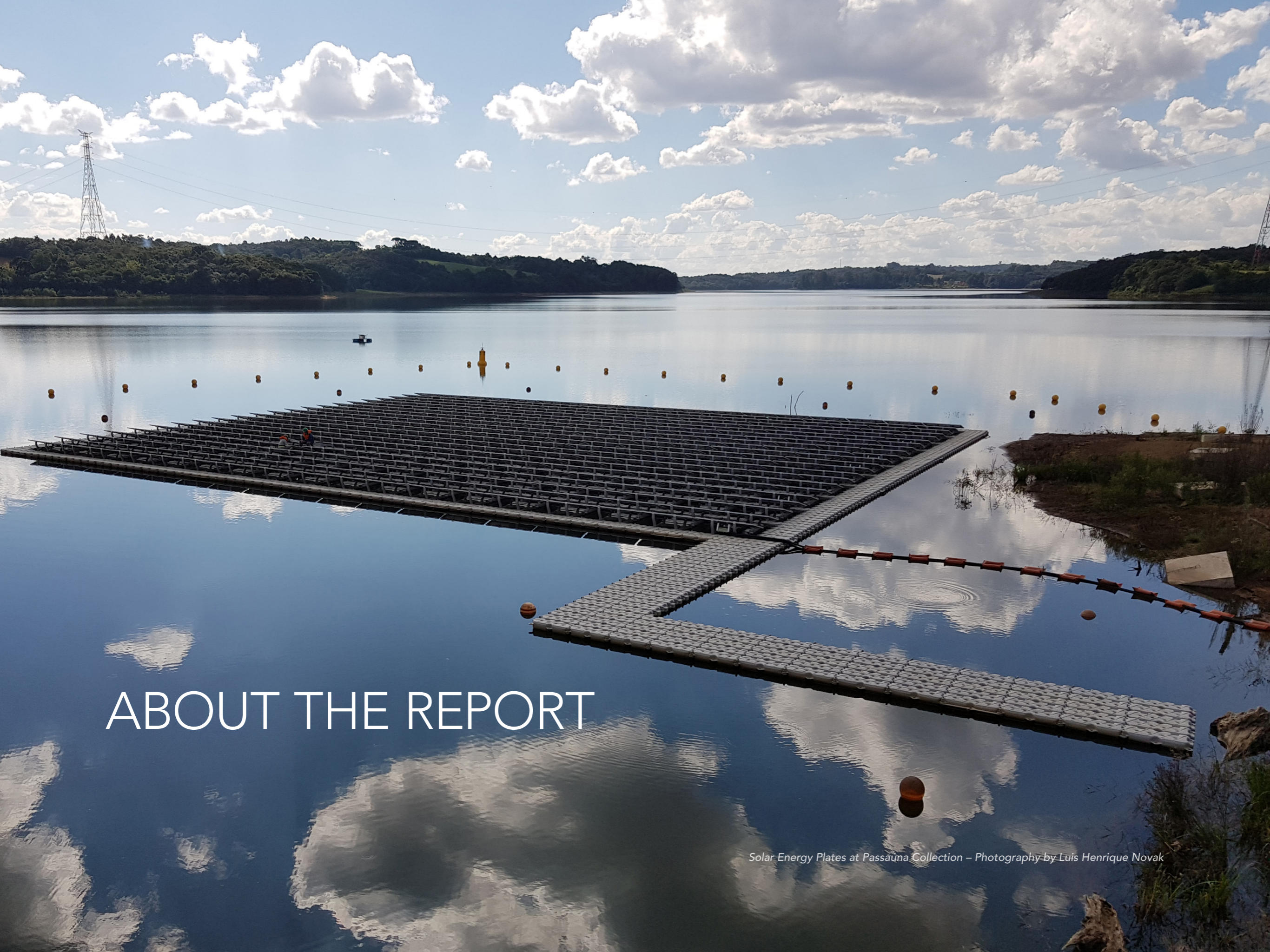
2021

“The commitment to bring to municipalities the best solution in sanitation and ensure more health and quality of life to all of Parana’s citizens is part of our DNA.

This purpose guides our actions in the Environmental, Social and Governance Agenda.”

Summary

- 1 About the Report
- 2 Message from the Administration
- 3 Sanepar
- 4 Corporate Governance
- 5 Industry Context and Sanepar
- 6 Operational Efficiency
- 7 Strategy and Vision of the Future
- 8 Relations with Stakeholders
- 9 Social and Environmental Management and Responsibility
- 10 Economical and Financial Performance
- 11 GRI Table of Contents
- 12 SASB Indicators



ABOUT THE REPORT

GENERAL INFORMATION

This Sustainability Report describes Sanepar's economic, social and environmental performance from January 1st to December 31st, 2021. The content was deliberated and approved by the board of directors after the executive board endorsement.

GRI 102-32, 102-50

The material themes, to be addressed were defined through a review of the materiality process of 2020, which is described below, and also, this document was produced in accordance with the global reporting initiative (GRI) guidelines. The report was prepared following:

- GRI Standards 2021; **GRI 102-54**
- Sustainability Accounting Standards Board (SASB) indicators; and
- The International Integrated Reporting Council (IIRC) framework for integrated reporting.

The information included in this document has not undergone external verification. The content was approved by the Board of Directors. Our reporting cycle is annual. The contact, in case of doubts or suggestions about this edition, is the Strategic Planning Management by the email adm-sisweb@sanepar.com.br. **GRI 102-52, 102-53**

DEFINITION OF MATERIALITY

GRI 102-44, 102-46, 102-47

Following the GRI Standards guidelines and determinations of the IIRC framework, we reviewed the materiality process carried out in 2020 when the expectations and needs of the stakeholders were identified and evaluated, based on the reality of the

Company. These themes reflect the most relevant economic, environmental, and social impacts and with greater power to influence the Company's strategic decisions, in line with the Strategic Planning and Value Chain, in addition to the Sustainable Development Goals (SDGs) and Sustainability concepts (ESG - Environmental, Social and Governance).




The 2021 Materiality Review Process was based on the data collection and processing carried out in the previous year. For the evaluation of relevant topics, all data and information collected are tabulated and quantitative and qualitative methodologies were applied to classify topics according to stakeholders expectations. And the impact on our ability as a company to generate value over time results in the Company's material themes.




The previously identified themes were restructured after an analysis of internal documents on risks and strategies, new industry trends, and new scenarios at the national and international levels during integrated planning meetings. We have updated Stakeholders and reviewed themes, unifying those that were related and updating them to a more modern and comprehensive language.

The six themes critically analyzed and approved by the Company's top management, through the Executive Board and Board of Directors, are:



The table below is an important visual resource to read this report dynamically. It provides a summary of our performance, presents our internal and external limits, relates our material topics to the SASB and GRI indicators, and makes the correlation with the SDGs.

Material themes GRI 102-44, 102-47	Specification	Correlation ESG	Correlation with Sustainable Development Goals (SDG)	GRI Topics and related disclosures	Correlated SASB Metrics	Correlation with capitals	Within limits (where impacts occur within the Company)	Outside limits (where impacts occur outside the Company)
All material themes								
 <p>Governance and Regulated Environment</p>	Compliance and anti-corruption, Risk and Crisis Management, Governance corporate, regulations	Governance	5,16	GRI MANAGEMENT APPROACH103-1, 103-2, 103-3		Human capital, Financial capital, Social and Relations capital, Intellectual capital	Workforce	
				GRI 102_GENERAL DISCLOSURES	IF-WU-140b.1 Number of incidents of non-compliance associated with water effluent quality permits, standards, and regulations			Shareholders, Board and Executive Board
				102-25, 102-17, 102-29, 102-30, 102-31	IF-WU-440a.3 Discussion of strategies to manage risks associated with the quality and availability of water resources			Clients
				GRI 205_GRI 205_ ANTI-CORRUPTION				Granting Authority
				GRI 307_COMPLIANCE ENVIRONMENTAL 307-1				Regulators
				GRI 419_SOCIOECONOMIC COMPLIANCE 419-1				Society
 <p>Water Management and Liquid effluents</p>	Water, Sewage	Social, Environmental	3, 6, 11, 12	GRI 303: WATER AND EFFLUENTS	IF-WU-250a.1 Number of acute health-based, non-acute health-based, and non-health-based drinking water violations	Natural capital, Manufactured capital and Intellectual capital	Workforce	Shareholders, Board and Executive Board
				303-1 a 303-5	IF-WU-140a.2 Volume of non-revenue real water losses			Clients
				GRI 306: WASTE 306-1, 306-2 e 306-5				Suppliers
 <p>Climate Changes</p>	Water unavailability, floods, habits of consumption, energy matrix, CO2	Social, Environmental	6,11,12,13	GRI 302: ENERGY	IF-WM-110a.1	Natural capital, Social and Relations capital, Intellectual capital	Workforce	Shareholders, Board and Executive Board
				302-1 a 302-3	IF-WM-000.D			Clients
				GRI 305: EMISSIONS	IF-WU-130a.1 Total energy consumed, percentage grid electricity, percentage renewable			Suppliers
				305-1, 305-2 e 305-4				Regulators
								Society

Material themes GRI 102-44, 102-47	Specification	Correlation ESG	Correlation with Sustainable Development Goals (SDG)	GRI Topics and related disclosures	Correlated SASB Metrics	Correlation with capitals	Within limits (where impacts occur within the Company)	Outside limits (where impacts occur outside the Company)
 Well-being of the customer	Relationship with the clients	Social, Environmental, Governance	3,12		IF-WU-240a.4 Discussion of impact of external factors on customer affordability of water, including the economic conditions of the service territory	Financial capital, Social and Relations capital	Workforce	Shareholders, Board and Executive Board
					IF-WU-450a.3 Number of unplanned service disruptions, and customers affected, each by duration category			Clients
 Social responsibility	Promotion of health, people	Social	3,5,8,10,12,17	GRI 203: INDIRECT ECONOMIC IMPACTS	IF-WU-240a.4 Discussion of impact of external factors on customer affordability of water, including the economic conditions of the service territory	Manufactured capital, Social and Relations capital, Intellectual capital	Workforce	Shareholders, Board and Executive Board
				203-1 e 203-2	IF-WU-450a.2 Number and volume of sanitary sewer overflows (SSO), percentage of volume recovered			Clients
				GRI 401: EMPLOYMENT 401-2				Regulators
				GRI 404_TRAINING AND EDUCATION 404-2 e 404-3				Society
				GRI 405_DIVERSITY AND EQUAL OPPORTUNITIES 405-1 e 405-2				
				GRI 406_NON DISCRIMINATION 406-1				
				GRI 413_LOCAL COMMUNITIES 413-1 e 413-2				
 Universalization of Access to Water and sewer	Promotion of Universalization of sanitation (Water and sewage)	Social, Environmental, Governance	3,6,10,11,12		IF-WM-000.A	Natural capital, Manufactured capital and Intellectual capital	Workforce	Shareholders, Board and Executive Board
					IF-WU-240a.4 Discussion of impact of external factors on customer affordability of water, including the economic conditions of the service territory			Clients
					IF-WU-450a.3 Number of unplanned service disruptions, and customers affected, each by duration category			Suppliers
					IF-WU.000.E Length of water mains and sewer pipe			Regulators

MESSAGE FROM THE ADMINISTRATION



Night photo of the CCO Alto da XV Water Tank - Photographer: André Thiago Chaves Aguiar

Bringing health to the public we serve is our fuel

GRI 102-14

There are six cities served by Sanepar among the best in Brazil in terms of sanitation, according to the Trata Brasil Institute, in the Ranking of Sanitation's 14th edition. The list, which analyzes the 100 largest Brazilian municipalities, has among the top 20 the municipalities of São José dos Pinhais, Cascavel, Maringá, Ponta Grossa, Curitiba, and Londrina. Among the 27 state capitals, including Brasília, Curitiba is in second place.

This only confirms that our investment policy has been assertive. The resources applied in 2021 add up to the highest volume of the last five years. In sanitary sewage, investments were R\$ 596.4 million, 42% more than in 2020, dedicated to the implementation of service, expansion and improvement of existing systems. Work in several regions of Paraná allowed 71,558 more families to start having access to sewage collection and treatment in 2021, benefiting 77.31% of the population, with 2.4 million connections and 100% treatment, one of the best rates in the country.

The task of bringing the best solution in sanitation to the municipalities and ensuring more health and quality of life to all of Paraná's citizens is part of our DNA. This purpose guides our actions in the Environmental, Social and governance agenda. And speaking of Agenda, we would like to make public the renewal of our commitment to the Global Compact. The agreement was officially signed in 2019 and that we keep it alive in our culture and our daily actions. The Global Compact advocates ten universal principles, derived from the Universal Declaration of Human Rights, the Declaration of the International Labor Organization on

Fundamental Principles and worker's rights, the Rio Declaration on the Environment and Development and the United Nations Convention Against Corruption. As an organization that is part of the Global Compact, we are committed to following these principles in our day-to-day operations.

The constitution of the ESG Strategic Committee was an important milestone of attention to this agenda formalized in 2021. The group, which is composed by the Executive Board and one representative of the Board of Directors, addresses and enriches the goals of the Global Compact with clear guidelines, in which our action plans are prioritized to guarantee sustainable development. Even with the restrictions of the pandemic, the saneparians had the opportunity to participate in the Paraná's Volunteering Week. In several regions of the state, employees were involved in actions in favor of the environment on a voluntary basis. A collective effort was carried out in order to clean the Nhundiaquara River, in Morretes, an action that removed about 250 kilos of recyclable waste from the river banks. The material collected was sent to the Morretes Collectors Association (Acomarem), and we took the opportunity to carry out other activities, such as raising awareness of residents in relation to the rational use of water, water crisis and irregular garbage disposal, which are major polluters of urban rivers.

In addition to the work in Morretes, another action was carried out in Maringá. The event had volunteers who participated in a circuit with five environmental activities and the planting of 50 tree seedlings of native species. From the banks of the Mandacaru Stream, sofas, mattresses and hundreds of pieces of plastic waste were removed.

Being able to count on our employees donating their time to these initiatives shows us that here we share the same desire of caring and preserving our surroundings. And it was hand in hand, not only internally, but with the entire population, that we joined forces in order to face the water crisis. Thanks to the combination of measures that included about 20 construction works and actions to obtain alternative water abstraction sources, and the citizen's compliance to META20 with the rational use of water. It is worth noting here that once again the collaboration of the population was fundamental in overcoming such an inhospitable scenario. The volume saved is equivalent to the sum of three dams in the Integrated Water Supply System of Curitiba and Metropolitan Region (IWSC): Passaúna, Piraquara I and Piraquara II. The 673 days of rotation in water supply in Curitiba and its metropolitan region brought savings of 89.8 billion liters of water, which prevented the system from collapsing.

Reaffirming our commitment to quality of life and innovative solutions, we launched the Open Innovation Program in Environmental Sanitation (Sanepar Startups), which selects innovative and sustainable solutions to challenges of the water and environmental sanitation sector. We will allocate R\$ 1.5 million to the selected projects. The program was made possible thanks to a partnership with the Itaipu Brasil Technological Park Foundation (PTI-BR), Finep – Innovation and Research, a company of the Ministry of Science, Technology and Innovations (MCTI), the Inter-American Development Bank (IDB) and the Support Service for Micro and Small Enterprises of Paraná (Sebrae/PR). The proposed topics were: Optimization of Productive Processes; Resilient and Sustainable Infrastructure; Water Resources and Climate; and Improved customer relationship.

Still in 2021 – on the eve of the Climate Conference, COP26 – we signed an unprecedented partnership with the Government of the State of Paraná, Boticário, Klabin, JBS, Renault, Itaipu and Volkswagen, and launched the first public-private

ESG committee in Brazil. The initiative was born to stimulate the cooperation between the business sector and public agents in dealing with social and environmental challenges.

All the alignment and engagement experienced in 2021 allowed us to advance in partnerships, making our participation in public policies relevant to our business evident and adding value to society in Paraná. And so, working in the present while looking to the future, we ended the year.

We have already proven our economic capacity to the regulatory agency, as the new sanitation legal mark stipulates. We are financially fit, in structure and quality of services.



*Claudio Stabile (Chief Executive Officer) and
Wilson Ribeiro de Andrade (Chairman of the Board of Directors)
Photographer: André Thiago Chaves Aguiar*



Sanepar headquarters in Curitiba - Photographer André Thiago Chaves Aguiar



SANEPAR

Piraquara | Dam - Photographer: André Thiago Chaves Aguiar

SANEPAR

GRI 102-2, 102-4, 102-5, 102-6

We are a mixed-capital, publicly-traded company, controlled by the State of Paraná under a private law legal regime. We act in the collection, treatment, reservation and distribution of water, in the collection and treatment of effluents, in addition to the operation of three sanitary landfills in the interior of the State of Paraná. Our operational structure is made up of General Managements and Managements structured by Process Coordination. General Managements take care of state regions, unifying planning and development related to production and water distribution, sewage collection and treatment, infrastructure maintenance and commercial customer relationship process.

Our social objective, by delegation of the State of Paraná and its municipalities, is the exploration of basic sanitation services, mainly the distribution of water, collection and treatment of sanitary sewage, in addition to the treatment of solid wastes, carrying out studies, projects and executing construction work related to new installations, expansion of water distribution networks, sewage collection networks and providing consultation and technical assistance services in our field.

We are responsible for providing sanitation services to 345 municipalities in Paraná and 1 municipality in Santa Catarina, Porto União.

We serve 346 municipalities with water distribution services, 203 municipalities with sewage collection and treatment services and 7 municipalities with sanitary landfill services for solid waste. **SASB IF-WM-000.A.**

Number of water economies by category

Residential	Commercial	Industrial	Public Utility	Public Power	Totals
3.785.915	319.391	13.755	24.289	27.059	4.170.409

Number of sewer economies by category

Residential	Commercial	Industrial	Public Utility	Public Power	Totals
2.907.033	265.742	6.245	16.014	15.025	3.210.059

Amount of waste managed by category SASB IF-WM-000.D

Municipal ¹	Commercial	Industrial	Totals ⁵
34.627,36	0,00	0,00	
Residential ²	MSW Non Domestic ³	Waste from Sanitation ⁴	64.929,40
25.190,45	2.575,81	2.535,78	

EXPLANATORY NOTES

1. All managed waste arising from obligations assumed with the government through program contracts with the municipalities without us being responsible for collection: Terra Boa, São Tomé, Guaporema, Indianópolis and Apucarana.
2. All managed waste from the municipalities in which we are responsible for collection, considering that in these cases the client is the municipality.
3. Waste from large generators with characteristics compatible with the sanitary landfill class.
4. Waste destined from sewage treatment activities in the regions where locate the landfills.
5. The total waste managed by the Company includes waste sent to recycling and landfilled waste.

BUSINESS MODEL

Our business model demonstrates how we transform resources from various capitals – human, manufactured, financial, intellectual, natural, social and relationship – into value to our stakeholders, including the most significant costs and investments associated with each.

The analysis of the external context and the evolution of management, governance, business strategies and results are constant and permeate our entire activity. The flow of our business model is represented in the image below.

Financial Capital

- Equity of R\$7.8 billion and cash generation of R\$1.7 billion
- Total capitalization R\$ 5.8 billion* GRI 102-7
- Net Revenue R\$5,204.4 million GRI 102-7
- Investments of R\$ 1.3 billion
- Indebtedness level: 1.4 times the EBITDA (net bank debt versus EBITDA)

* Refers to the Company's market value as of December 31, 2021, obtained by the equation: Number of shares x Business value.

Manufactured Capital

Water

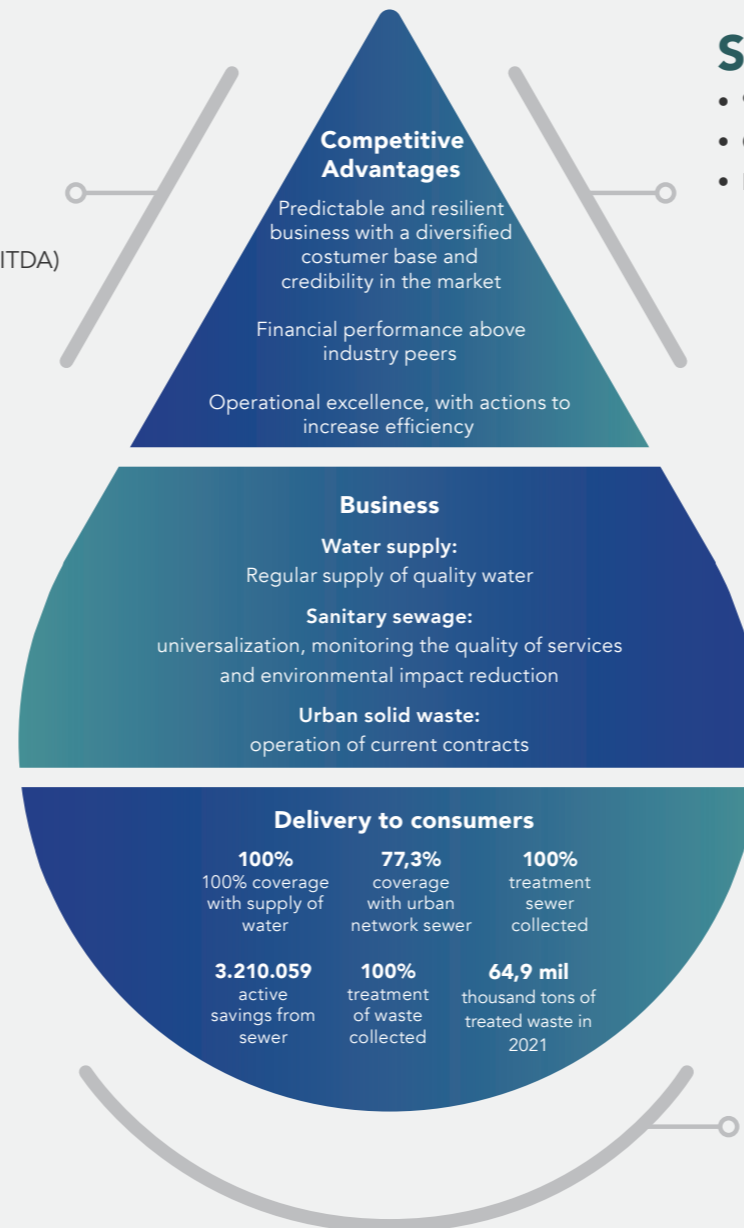
- 168 ETAs (Water Treatment Stations) GRI 102-7
- 1,247 wells
- 4 dams
- 3.3 million water connections
- 59,070 km of distribution network SASB IF-WU.000.E

Sewer

- 258 ETEs (Sewage Treatment Stations) GRI 102-7
- 2.4 million sewer connections SASB IF-WU.000.E
- 39,660 km of collection network

Urban solid waste

- 3 sanitary landfills GRI 102-7



Social and Relationship Capital

- 90.12% satisfaction with the call center service (0800)
- Customer Relations
- Relations with the Grantor

Natural Capital

- Performance in accordance with the Sustainability Policy
- Sustainable Management of Water Resources and Environmental Conservation.

Human Capital

- 891.2 thousand hours of employee training
- 6,281 employees GRI 102-7

AWARDS AND CERTIFICATIONS

INOVAINFRA National Award in Project Innovation

The award is an initiative of the specialized magazine O Empreiteiro (The Contractor) and aims to encourage and publicize innovation projects by companies and concessionaires operating in different areas of the infrastructure sector.

We were recognized for the project “Solar photovoltaic plant in Passaúna Reservoir: renewable energy, innovation and sustainability at the service of environmental sanitation”.

Stand out Sanitation Sector Indicators

In a survey carried out by the newspaper Valor Econômico (Economic Value) in August 2021, we appear among the companies with best performance in the evaluation criteria defined by the federal government. There were four indicators evaluated: the degree of indebtedness, the return on equity, the net margin and the sufficiency of cash. The analysis of these indexes allows them to verify the financial health of the company and its investment capacity as well as its performance.

Top 5 Sanitation Ranking 2021

In the 6th edition of the Ranking 100 Open Startups and Open Innovation, 3,334 medium and large companies had an Open Innovation relationship with 2,344 startups. We were among the top five corporations in the Sanitation category 2021.

Southern Innovation Champions Award – State & Philanthropic Category

In this award from Revista Amanhã (Tomorrow Magazine), we were recognised for promoting the universalization of sanitation services. Here, projects, investments and initiatives that guarantee quality treated water to 100% of the population served and enhance the universalization of basic sanitation in the state.

Brazil Innovation Value Award 2021 – 1st place in the Infrastructure Sector

The award recognizes the 150 most innovative companies in the country, in 23 sectors of the economy, after evaluating innovation practices of companies operating in Brazil in different economic activities. In the yearbook edition, the Economic Value highlights the production of biogas and energy from the process of sewage treatment, Greenhouse Gases (GHG) reduction projects and the production of liquid biofuel also from sewage treatment as some examples of innovations implemented by Sanepar.

500 Biggest in the South – Best in the Utilities Industry

We achieved the leading position in the public services sector among the three states of the south in the ranking of the 500 biggest in the south, of the Tomorrow Group. In Paraná, the Company was ranked eighth among the top 100 companies.

Appreciation Certificate for Sanepar’s participation in the Paraná’s Solidarity Campaign – 2nd edition

Sanepar employees participated in the Paraná Solidarity Basket campaign, promoted by the State Government, with the donation of 1,907 packages of non perishable goods, which totaled 22,884 kilos of food.

WEPs Brazil 2021 Award

We received the WEPs (Women’s Empowerment Principles) bronze trophy Brazil 2021, for female empowerment in companies, in the Big Companies category. The award is a recognition of the Company’s efforts in promoting policies and practices that respect and value women in the workplace. Carried out by UN Women, WEPs Brazil encourages Brazilian companies to adopt the purpose of implementing a culture of gender equity in organizations.

Transparency Trophy

This is the eighth time that we have been awarded the Transparency Trophy and our fourth consecutive award. The Company was elected the winner in the category of companies with net revenue of up to R\$ 8 billion and we are the only ones in the sanitation sector in this category. The recognition is promoted by the National Association of Finance, Management and Accounting Executives (Anefac).

Outstanding Trophy for Best Financial Statement

The evaluation of the financial statements is carried out by a judging committee formed by experts in the accounting area of the National Association of Finance, Management and Accounting Executives (Anefac). Being recognized means that we are on the right path of disclosing our information with transparency, in accordance with accounting rules, and in such a way that the data is clear and accessible to interested parties.

Upgraded National Ratings in The Long-Term Rating for Sanepar's Debenture Issues from AA(bra) to AAA(bra)

Moody's and Fitch Rating upgraded Sanepar's rating for Long-term bond issues (debentures). The rating upgrade reflects the strength and predictability of the Company's cash generation, tested throughout 2020, in the face of a challenging operating scenario, combined with the expectation of maintaining reduced financial leverage and robust liquidity even with a schedule of greater investments planned in the coming years.

Certificate of Environmental Commitment: Compensation of greenhouse gases

We assumed with Tecpar the commitment to preserve Rio da Onça State Park, in Matinhos, on the coast of Paraná. Through this mechanism, the Company helps to offset the equivalent of greenhouse gas (GHG) emissions generated in the treatment process at ETE Rio das Pedras in Marilândia do Sul. The certificate was received in Dubai, at the Paraná Business Experience space, at Expo Dubai.

ISO 14.001:2015 Certification

The certification was received by the Environmental Management System in Foz do Iguaçu and by the Cianorte landfill. In Cianorte, the scope comprises the processes related to the reception, disposal and treatment of urban solid waste, the operational, administrative and monitoring support activities of the landfill. The work in Foz do Iguaçu is: collection, treatment and distribution of drinking water, collection, treatment and final disposal of sewage; maintenance and operation of water and sewage networks; administrative processes of the Foz do Iguaçu Regional Management (GRFI); customer service and marketing of water and sewage connections from the Commercial Department of Foz do Iguaçu (CCFI); process administration of the South West Projects Management (GPOSO) and electromechanical maintenance department of the Southwest Electromechanical Regional Management (GEMSO) for the Foz do Iguaçu-PR water supply and sewage system.

Sesi SDG Award 2021

The Caixa d'Água Boa project – an initiative of ours in partnership with the Secretary of Justice, Family and Work of Paraná – was awarded the SDG - Sustainable Development Goals, from Sesi. The action offers free tanks of water for families enrolled in the Reference Centers in Social Assistance (CRAS) from municipalities. The recognition was granted in the Public Power category, as a "Sustainable Development" initiative. The project has already served 4 thousand families in 143 municipalities in Paraná.

Climate Paraná Gold Seal

We received from the Secretary of Sustainable Development and Tourism – SEDEST – the Paraná "Gold" Climate Seal. The Seal encourages Paraná companies to reduce their "Carbon Footprint", combat climate change, and increase competitiveness in the context of a new low carbon economy. It is an award for companies that voluntarily decide to measure, disclose, and reduce carbon dioxide emissions (CO2), which causes global warming and climate change.

Gold Seal

The Greenhouse Gas Inventory (IGEE) produced by the Company referring to the year 2020 received, in September 2021, a Gold Seal from the Brazilian Program GHG Protocol (PBGHGP). The Program, which certifies corporate inventories, has the objective of stimulating the corporate culture for the preparation and publication of IGEE.

ISO IEC 17.025:2017 Accreditation Certification

During 2021, the Laboratories of Assessment and Compliance Management - GACF in Cascavel, Curitiba, Londrina and Maringá obtained or maintained the accreditation certificate for several of its parameters by the General Coordination of Inmetro Accreditation in NBR ISO/IEC 17.025:2017. This standard is recognized internationally and is exclusive to testing and calibration laboratories. It has several requirements that aim to ensure the competence of the laboratory to provide valid, unbiased and reliable results. Compliant laboratories with this standard, generally speaking, also operate in accordance with the principles of ABNT NBR ISO 9001. The accredited scope is registered with the General Coordination of Inmetro Accreditation under-identification no 1501; 1512;1537 and 1544.

NBR ISO 9001:2015 Certification

In 2021, Sanepar was recertified under the scope of ISO 9001:2015, in the following systems: dam operation, collection, adduction, treatment and reservation of water by the Water Production Management in the Integrated Supply System of Curitiba. Collection, adduction, treatment, water storage and treatment and final disposal of sewage by the Industrial Management. Water distribution, sewage collection and aduction by the Londrina Regional Management.



Miringuava Dam Work - Grading of the Tulipa structure –Photographer André Thiago Chaves Aguiar

INNOVATION

Our Development and Innovation Policy guides the continuous search for process excellence, products and services, establishing the following commitments:

- » encourage applied research and development;
- » promote partnerships and exchanges;
- » provide for the development of employees and collaborators;
- » act in a sustainable manner.

As the focal point of our innovation ecosystem, there is the Management of Research and Innovation (GPIN), which was linked to the Environment and Social Action Board until the end of 2021. GPIN is the area responsible for coordinating activities related to technical-scientific development and innovation within the Company. Currently, the human resources structure includes its own employees, including those with masters and PhD degrees, fully dedicated to R&D+i activities.

We are attentive to collaborative innovation, cooperating with research centers, universities and companies in Brazil and abroad (Germany, Portugal, Netherlands, Sweden, England, United States, Mexico, Paraguay, Japan and South Korea). Dozens of national and international partnerships are being conducted, which have different natures, ranging from conducting basic research to implementing new solutions at scale.

Although we have our own resources to carry out R&D+i projects (GPIN alone dedicated more than 10 million reais in 2021), as a company we have sought to expand the impact of our activities by prospecting for external resources and mechanisms to encourage innovation. As an example, we can mention the use of tax benefits from

Law 11,196/2005 (Law of Good), as well as access to resources from the Brazilian Research Corporation and Industrial Innovation (Embrapii), from the Development and Trade Agency of the United States (USTDA), from the German cooperation agency Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, from the Agency for International Cooperation of Japan (JICA) and the International Finance Corporation (IFC), a branch of the World Bank. We also have a partnership with Fundação Araucária, promoting research and extension in the State of Paraná, joining efforts in the Paraná Environmental Sanitation Research Program (PPPSA). The research projects carried out in the PPPSA are oriented to meet the demands of the Company, being co-financed in equal proportions by us and by Fundação Araucaria. In 2021, a new PPPSA public notice was opened, totaling the application of resources in the amount of BRL 2,000,00.00. In 2021, we also reiterate a partnership with the Brazilian Cooperation Agency (ABC) and JICA, organizing training for third countries, located in Latin America and Africa, in the area of operation practices and innovation in environmental sanitation, a course to be carried out virtually from February to April 2022.

In addition, in 2021, we conducted a partnership with Fundação Parque Tecnológico Itaipu Brasil (PTI-BR), the sponsor of Studies and Projects (Finep), the Support for Micro and Small Companies in the State of Paraná (Sebrae-PR) and the Inter-American Development Bank (IDB) for the development of joint actions in the area of open innovation to get closer to startups. In 2021, the Open Innovation Program in the Environmental Sanitation Sector was launched – Sanepar Startups. The Program aims to prospect sustainable and innovative solutions to challenges inherent to the environmental sanitation sector as well as strengthen the national entrepreneurship and the innovation ecosystem focused on environmental sanitation.

The first public notice for Sanepar Startups was launched on October 5, 2021. The partnership provides for the opening of two notices for the selection of startups, involving resources of 1.5 million reais (2 notices of 750 thousand reais each). Challenges inherent to the environmental sanitation sector are raised by our employees, in partnership with PTI-BR, FINEP, Sebrae-PR and the IDB. Subsequently, a

public notice containing the prioritized themes/challenges is posted and companies can submit proposals to be evaluated by experts.

To boost the culture of innovation in the organizational environment, in 2021, we solidified our innovation strategy by having as a methodological reference a customized innovation framework for water and sewage companies, which was developed by the Water Resource Foundation (WRF), of the United States, based on the experience of more than 80 companies in the sector. Additionally, we intensified the concept of "Sanitation 5.0" adhering to the "Government 5.0" guidelines adopted in the State of Paraná and recognizing that technologies and innovation are at the service of society. In 2021, we continued our recent Strategic Innovation Plan, adhering to the Company's strategic map and value chain, materializing, among others, the vision of the future inherent to our business and the priority steps to be taken to become a more competitive and sustainable company in the coming years in a context of adaptation to the new regulatory framework of the sanitation sector.

The definition of innovation we have adopted is:

"Enabling the achievement of strategic corporate objectives through innovative solutions that generate sustainability, high performance standard and greater competitiveness."

Three strategic pillars that represent the focus of corporate efforts in innovation in the year 2021, namely:

- **Innovation in productive processes;**
- **Partnerships for Innovation;**
- **Culture of Innovation.**

Within the scope of innovation management, we still participate as representatives of Latin America in the "Leading Water Utility Innovation" Project promoted by WRF in partnership with Arcadis. The project brought together more than 80 companies and international institutions of water and sewage services to discuss the best innovative practices for the sector. In 2021, we revisited our corporate risk portfolio and diagnosed that "the growing loss of competitiveness and the non-recognition as an innovative company by stakeholders" should be treated by specific action plans.

Currently, we have more than 100 R&D+i initiatives in the Company, which are associated with our core activities (water, sewage and solid waste) and linked to the Sustainable Development Goals suggested by the United Nations. These actions envision technological prospecting, the production of new knowledge, the realization of applied research, improving technologies, anticipating trends and training specialized techniques, covering, among others, the following topics: raw water and water sources, water treatment, sewage treatment, value recuperation of solid waste (sludge, scum, biogas and organic materials), energy, automation, sustainability management and asset sharing.

After much research on the measurement and energy use of biogas from anaerobic reactors treating domestic sewage, such as the pioneering distributed microgeneration of electricity at Ouro Verde ETE – Foz do Iguaçu (25 kW), we advanced in 2021 with the activities of Paraná Bem Tratado Program. This program is financed by the German bank KfW, through a 50 million euros contract, a resource that will be applied in projects and works of improvement, rehabilitation, expansion, reduction of greenhouse gas emissions, energy efficiency, biogas recovery and implementation of ETEs in the municipalities of Curitiba, Londrina, Maringá, Umuarama, Toledo, Araçongas and Guarapuava.

In 2021, we developed studies to determine the potential production of biogas from sewage treatment, establishing prospects for the sustainable universalization of sanitary sewage services in Brazil. In this sense, we conceived a publication from a multi-institutional initiative, under the coordination of the Brazilian Biogas



ETE Loanda – Photographer: Luciana Calichio Medeiro

Association (ABiogás), in collaboration with the Energy Program for Brazil (BEP), the National Institute of Science and Technology in Sustainable Sewage Treatment (INCT ETEs Sustainable), the Brazilian Association of Sanitary and Environmental Engineering (ABES), the International Center for Renewable Energy – Biogás (CIBiogás), Basic Sanitation Company of the State of São Paulo (Sabesp) and the GEF Biogás Brasil Project, led by the Ministry of Science, Technology and Innovation (MCTI) and implemented by the United Nations Industrial Development Organization (UNIDO).

In the area of renewable energy and smart cities, we have developed projects associated with hydropower generation in sanitary infrastructures, photovoltaic solar energy, sustainable urban mobility and the Internet of Things (IoT). A pilot system with an average power of 18 kW was installed and is continuously operated throughout 2021 at the Airport Reservation Center, in the municipality of São José dos Pinhais.

This system generates electrical energy from the excess hydraulic energy available in the pipeline that takes the water to the reservoir, using a pump that works as a turbine, replacing a flow control valve that previously only dissipated energy. Projects for the implementation of new systems of this nature are underway, including the use of hydraulic potential of sewage treatment station outlets.

We carry out studies, at an experimental level, aiming at the use of electric and natural gas-powered vehicles in daily activities of our employees. Additionally, throughout 2021, we conducted studies aimed at the production of biomethane from modular systems for the purification of biogas generated in sewage treatment process, with the United Nations Development Organization (Unido), the International Center of Renewable Energies (CIBIOGÁS) and Companhia Paranaense de Gás (Compagas).

A real-time monitoring and responsive system came into operation in the water distribution network in Lapa, where data access occurs remotely via the cloud. Projects of this nature, but with different IoT technologies, are being replicated in the municipalities of Curitiba, Ipiranga and Londrina. In order to reduce operating costs with electricity, in 2021 we carried on the strategy of scaling the real-time

monitoring solution for consumer units, as well as developed studies aiming at migrating some of our units to the free electricity market.

Committed to principles of cleaner production and circular economy, we promote the use of sewage sludge in agriculture. As a result of research developed in Company since the 90s, in partnership with institutions in Brazil and abroad, we have allocated more than 60 thousand tons of sanitized sludge to farmers for fertilization of different cultures in the last three years only. The project was recognized as a good practice for sustainable management of natural resources by a specialized publication of the United Nations for the Environment Program (UNEP). Studies on drying and thermal transformation of sewage sludge are also part of the Company's portfolio. In 2021, works on the sludge drying system under construction at the ETE Atuba Sul sewage plant were accelerated.

This innovative system will have the capacity to process up to 5 t/h of wet sludge and is environmentally sustainable as it uses, in drying, biogas and biomass produced in its own plant. Another positive environmental impact is that we will no longer ship the sludge generated in the sewage treatment process to sanitary landfills. Works on the thermal drying system should be completed in the first half of 2022.

The sludge mineralization site implemented in Santa Helena was extensively researched throughout 2021. The system was adapted from the retrofit of a sewage treatment pond and designed to stabilize the sludge deposited in it for more than 10 years with the help of plants.

Concerned with anticipating trends and preventing possible problems caused by climate change, we have been carrying out projects on water reuse. As well known, freshwater is not an infinite good and anticipating future challenges are part of the Company's commitments.

In this sense, we are developing economical feasibility studies, in partnership with the United States Trade and Development Agency (USTDA), aiming at the implementation of an industrial reuse system in the municipality of Araucaria.

Water Crisis

In 2021, we dealt with the water crisis by applying our expertise and technology to design strategies and generate alternatives to ensure public water supply, especially during the period of the Covid-19 pandemic. In this sense, we carried out real-time monitoring projects of climate variables and water bodies, guiding the decision-making about water production and distribution systems for the population. Still in 2021, after technical and scientific investigations, alternative sources of water were activated, prospecting pits and quarries. Additionally, we managed a research and innovation project aimed at the induction and quantification of localized rainfall over the contribution basins of the water supply system of Curitiba and Metropolitan Region from cloud seeding. In 2021, more than 6 billion liters of water were made available in the contribution basins of Curitiba and Metropolitan Region supply systems through cloud seeding.

The need to supply water to more than 10 million people, during the peak of the water crisis and the midst of the Covid-19 Pandemic, forced us to reinvent ourselves, employing innovative methods to optimize the use of available resources, as well as tools for integrated and sustainable management of water resources and the environment. This converged with the definition of strategies to increase water resilience in the water public supply. So, in 2021, in parallel with emergency interventions, we intensified actions aimed at the consolidation of our Water Safety Program, with a focus on resilience. This Program includes 3 aspects: (a) quantity of raw water; (B) raw water quality; (c) conservation and protection of water sources. The State of Paraná experienced an unprecedented severe water crisis throughout 2020 and

2021. According to the Paraná Meteorological System (Simepar), the rainfall index over twelve months was between 30 and 40% below the historical average, which reflected directly in the water public supply at state level, mainly in the Southwest, West and at the levels of the four water reservoirs in the Metropolitan Region of Curitiba (RMC). Without enough rain to recover the water deficit, we recorded the lowest levels of dams that make up the Integrated Supply System of Curitiba and Metropolitan Region (SAIC) – Iraí, Passaúna, Piraquara I and Piraquara II – since 2009. The lack of water available for collection, treatment and distribution, has a significant impact on society in regards to their daily activities, even more so in a scenario where water is a fundamental element for combating the Covid-19 pandemic.

In addition, there was a reduction in revenue associated with the Company's business models. Thus, the innovative measures in question, safeguarded our business model, guaranteeing the availability of water in people's homes. We work in continuity with the actions initiated in 2020 and conclude 2021 with a positive equation: we overcame difficulties thanks to our responsiveness, efficiency, planning and execution. If measures to mitigate the effect of the prolonged water crisis since November 2019 were not foreseen and implemented, the supply system of water in Curitiba and the Metropolitan Region, for example, which concentrates a served population of more than 3.5 million people, would be harmed, impacting our financial performance. Thus, the innovation in question is structuring and decisive for the Company's vision of the future.

In all, in 2021 we invested more than 8 million reais in works of this nature generating value to the society and our stakeholders. A study developed by us in partnership with GIZ - German Agency for International Cooperation, within the scope of ProAdapta - support to the Brazilian Federal Government in the implementation of its National Climate Change Adaptation Agenda, and with Fundação Grupo Boticário, via Viva Água Movement, with the objective of quantifying the economic impacts of nature-based solutions and increasing water resilience. The result of the MVA cost-benefit analysis demonstrates the full economic viability of the project that estimates to return to society 2.46 times more benefits than the costs that are necessary for its implementation. Furthermore, in partnership with the International Finance Corporation of the World Bank Group, we started a risk assessment associated with climate change based on the TCFD methodology - Task Force on Climate-related Financial Disclosures.

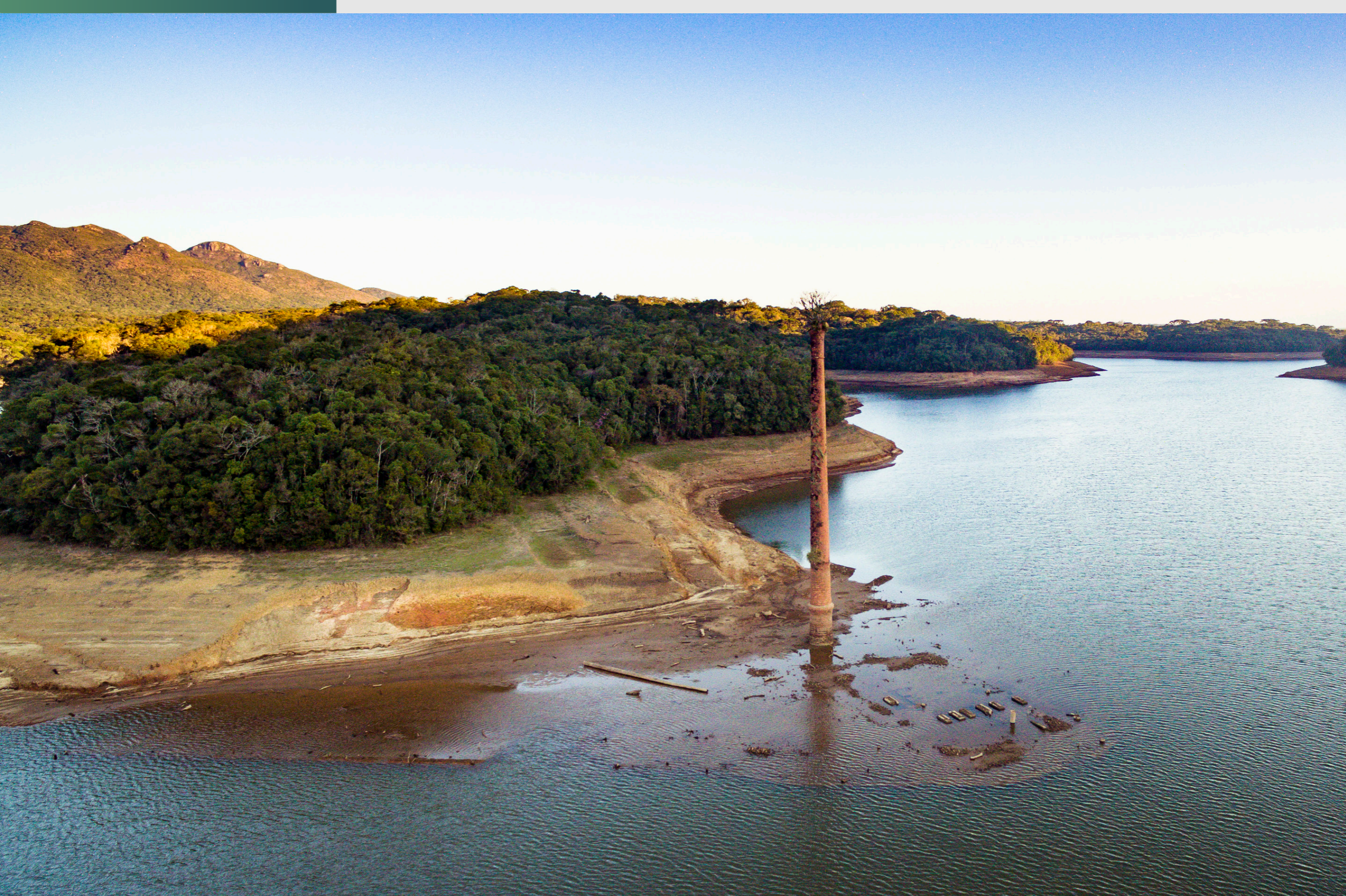
We are also working in Urban Rivers Revitalization, promoting the implementation of technologies such as phytoremediation in partnership with the Government of the State of Paraná and municipalities, such as the city of Curitiba, and in 2021 we consolidated projects for Bosque João Paulo II and Passeio Público, when the application of nanobubble technology was evaluated.

In order to provide quality water to the population, we developed studies at an experimental level with an advanced system for removing fluoride ions in groundwater, as well as with ozone produced by ultraviolet radiation. A mechanical scraper system for station floaters in water treatment systems was also designed and validated at

scale over 2021. Modular water reservoirs are already a reality in the Company, helping in operational safety of activities associated with the distribution of drinking water to the population.

In 2021, we were still conducting the first year of technical cooperation and financial agreement established with Itaipu Binacional and PTI-BR for "Implementation of Sustainable Sewage Systems", benefiting existing sewage systems in Medianeira, Itaipulândia and Santa Helena and implementing new sewage collection and treatment systems in Missal, Ramilândia and Serranópolis do Iguaçu, in a 5 year agreement. The partnership contemplates the development of innovative engineering projects and the execution of sanitary sewage infrastructure work in order to promote social and environmental advances in the benefited municipalities, contributing to improvement of the quality of water bodies in the region as well as to the quality of life of the population. The systems will be designed based on specific characteristics that add values related to innovation, sustainability, circular economy, resulting in environmental, social and financial benefits.

The constant search for solutions capable of promoting affordable tariffs and increasing competitiveness in a new regulated environment led us to carry out studies to prospect ancillary income through sharing infrastructure, for example our sewer network for installing fiber optics. Work is ongoing in partnership with the IFC.



Piraquara I Dam Chimney - Drought – Photographer: André Thiago Chaves Aguiar

Covid-19 Pandemic

In line with guidelines of the Paraná State Government, our controlling partner, we act in a proactive and innovative way, aiming at mitigating the impacts of the pandemic declared by the World Health Organization on society, specially during the most severe water crisis in recent decades

Motivated by the expansion of our sewage collection network, and by the need to generate information for decision making in the period of the Covid-19 pandemic, we undertook research and innovation efforts for sewage monitoring as a tool for epidemiological surveillance. In this context, we worked in a network with universities, research institutes, government agencies, municipalities and Health Departments to detect and quantify the presence of the SAR-CoV-2 virus in sewage. Thus, the presence of the new coronavirus in sewage was used as an indicator of the scope of Covid-19 and its monitoring helped in epidemiological surveillance, subsidizing the decision-making of public authorities during one of the largest periods of social fragility in recent decades.. Sewage samples were collected weekly from sanitary sewage systems operated by the Company throughout the year. The collected sewage samples were processed with molecular microbiology methods by specialized teams, which made it possible to determine, among others, the concentration of virus present in the material. The results obtained were processed and correlated with the sewage properties in each monitored sub-basin, making it possible to estimate weekly the amount of contaminated people, as well as the more vulnerable areas.

Weekly follow-up newsletters were published in order to share with competent authorities and with population, strategic data about the epidemiological situation in the regions monitored, anticipating behaviors with periodicity greater than 7 days. Sewage-based epidemiology is an emerging tool with potential to complement the surveillance system for infectious diseases such as Covid-19 and subsidize early warning systems for new outbreaks. The advantages ahead of other public health surveillance techniques are the ability to analyze spatial and temporal trends, producing results in short periods and generating information about a particular

population group without depending on clinical testing.

The innovative action stands out, mainly, for its practical application. In the midst of a pandemic, scientific knowledge was quickly systematized, tested, validated and scaled, enabling weekly monitoring of epidemiological conditions of about 2.5 million people in two municipalities in Paraná (Curitiba and Foz do Iguaçu).

Through this initiative, we worked to consolidate the method of epidemiological monitoring of Covid-19 from sewage, which can be widely replicated. The results generated unprecedented scientific information, which are being published in forums and prestigious magazines, including international ones. However, we reiterate that the initiative stands out, in fact, for its application and the public utility information it generates. During the year 2021, more than 70 monthly monitoring bulletins were generated for epidemiological study, as well as guidebooks and digital platforms containing the project data.

We continue to make follow up bulletins available to all of society free of charge (at the address: <https://etes-sustentaveis.org/rede-monitoring-covid-esgotos/> and <https://www.pti.org.br/projetomonitoracovid19/>) with the objective of reporting the particularities and learning we did from experiences of the project, in order to contribute to the elaboration of a National Plan of Epidemiological surveillance from sewage.

The monitoring carried out in Curitiba and Foz do Iguaçu, in Paraná, covered around 2.5 million people. The generated data contributed, so competent authorities could establish strategies to mitigate the contagion of the disease, guiding, for example, the periods of restrictive measures of social isolation (lockdown) and making it possible to verify the effects of the campaigns of vaccination and dissemination of new variants.

From an organizational point of view, the innovative initiative strengthened the company's image towards stakeholders, notably strategic partners such as Itaipu Binacional and ANA, reiterating our commitment to act in accordance with ESG principles.



ETE Belém – CS Bioenergia – Photographer: André Thiago Chaves Aguiar

Culture of Innovation

In 2021, innovation became strategic to all our boards, that is to say, no longer linked to just one department to become a transversal process in the Company. Thus, all managements were oriented to establish specific action plans, associated with their respective Management Agreements, which addressed the issue of innovation and contributed directly to the corporate process and, consequently, meeting the needs of established goals.

The monitoring of Corporate Innovation process was carried out through two indicators: (i) Personnel Creativity Index; and, (ii) Number of Products/Innovative Processes Implemented by Management.

Our Innovation goals for 2021 were: (i) the number of ideas generated and recorded equal to 10% of the number of employees of the Company; and, (ii) 89 new products or processes implemented by the Management.

We encourage a creative environment, the registration of ideas and the implementation of new processes/products through rewards, with the Integrated System of Excellence in Management at Sanepar - SIEGS, as one of the levers of cross-functional teams. Our PCCR – Positions, Career and Remuneration Plan – started to consider the generation of ideas as one of the assessment items.

In addition, innovation was the chosen theme of Sanepar Photo Contest in 2021. Employees were also encouraged to submit papers to specialized technical-scientific forums. Regional seminars on good practices and innovation in the sewage process were organized.

2021 was a special year in terms of culture of innovation. We registered 877 new ideas at Banco de Ideias e Práticas - BIP, Sanepar's Think Thank, that is, equivalent to 14% of the number of employees of the Company, which is higher than the amount of 827 registered ideas between 2013 and 2020. In 2021, we accounted for 289 new processes/products implemented, registered by 70 units of the Company.

In 2021 we participated in the main national technical-scientific events in the sector, with emphasis on those promoted by the Brazilian Association of Engineering Health and Environment (ABES), actively collaborating on the organization and exhibition at the 31st Brazilian Congress of Sanitary and Environmental Engineering. Saneparians presented 53 papers at the event, in addition to participating in 11 special sessions.

We continue to seek innovative and sustainable solutions, in order to provide services more quickly and efficiently, always aiming at the least impact on the budget of the population served as well as constant improvement of processes and promotion of environmental sanitation.



CORPORATE GOVERNANCE

Sanepar Curitiba Headquarters - Photographer: André Thiago Chaves Aguiar

CORPORATE GOVERNANCE PRACTICES

GRI 103-1, 103-2, 103-3

Corporate Governance is the process by which management is endowed with instruments that allow for the exercise of the decision-making process. The implementation of such decisions are informed and conscientious, following rules that combine the search for social and economic-financial sustainability and the stimulation of a healthy environment in the business we conduct. Thus, the search for achieving public interest is permanent, through the achievement of the Company's corporate purpose, all permeated by weighing the expectations and needs of the various stakeholders within ethical and efficient rules in order to obtain the best results through practices based on honesty, responsibility, and transparency with the stakeholders, including consumers, employees, shareholders, markets, suppliers and third parties, control bodies and the Granting Authority.

From our perspective, corporate governance must address the needs of stakeholders, generating value and promoting an ethical culture in all those who interact with the Company. In addition to the legal compliance that we are subjects to as a publicly-traded mixed capital company, inserted in the B3 Governance Level 2 – Brazil, Stock Exchange, Over-the-Counter, to laws 13.303/2016 (Law of State), 6,404/1976 (Corporate Law), 14,026/2020 (Legal Framework of Sanitation), to State Decree No. 8.182/2021 (Regulation of services provided), to the guidelines of the Regulatory Agency for Delegated Public Services of Infrastructure of Paraná (Agepar) and mainly to Law 12.846/2013 (Law Anti-Corruption), the Company declares the commitment in our Program of Integrity.

We have a corporate governance policy that operates in all instances, directed by the Deputy Board of Governance, Risks and Compliance, linked to the President's Board. Senior Management's commitment to integrity in public-private relationships and to the Integrity Program is the basis to create an organizational culture in which employees and third parties effectively uphold ethical conduct.

In this sense, good governance practices convert guidelines into objective recommendations, aligning interests with the purpose of preserving and strengthening our values and contributing to the achievement of excellence standards in management, with a focus on results, and preserving the Company's social function.

Aligned with the market's corporate governance practices, as well as the Brazilian Institute of Corporate Governance's (IBGC) and using as a basis society's contributions through the external Whistleblower Channel and other Company communication channels, we treat the fight against corruption with responsibility and seriousness. We implement, in addition to the Code of Conduct and Integrity, the Disciplinary Regulation, the Internal Regulations of the Conduct Committee and internal rules that consolidate the way in which we conduct this process internally, being recognized and accepted externally.

We are aligned with the best market management practices such as COSO (Committee of Sponsoring Organizations of the Treadway Commission), Brazilian Code of Corporate Governance, and other guidelines of the Brazilian Institute of Corporate Governance. With the training of the governance team in institutions recognized in the market, we are signatories of the Global Compact, which

provides for adherence to the Sustainable Development Goals - SDGs and we act in accordance with the Company's values. To bring ethics, transparency, respect and day-to-day commitment, engaging stakeholders in the culture of Integrity is our main objective.

Annually we respond to the CBGC - Brazilian Code of Corporate Governance - Publicly-held Companies report. The document, released in 2016, presents best practices for strengthening corporate governance and consequent attraction of capital. Through this Report, companies have the opportunity to communicate to the market if they follow the practices indicated by the Code. It is a document built by the market and for the market with a "practice or explain" methodology, therefore companies must respond whether they practice the recommendations or explain why they do not. In the last report, published in 2021, of the 54 best practices we fully meet 43, we partially meet 3, we do not meet 3 and 5 of the practices do not apply to the company.

In 2021, we carried out a survey to detect information about the employee's knowledge level in relation to the Integrity Program. The research universe was internally directed to employees, leaders, and governance agents. The result confirmed that the communication strategy was effective, with more than 90% of the public knowing the Program, the Disciplinary Regulation and the Whistleblower Channels. The annual employee and governance agents survey about the Integrity Program allows us to implement improvements and measure the maturity level of the Program. For 2022, an internal audit of the compliance and integrity process is outlined, considering the third line according to the IIA – Institute of Internal Auditors.

Reinforcing our commitment to transparency and integrity, every year we publish the Integrated Strategic Risk Management Work Plan, Internal Corporate Control and Compliance, which, as well as the policies is approved by the Board of Directors. The Deputy Director of Governance, Risks and Compliance acts as a second line helping management in process control, the Internal Audit, as a third line, has the autonomy to audit the processes, including the governance area.

The IIA's Three Line Model



AMENDMENTS AND REVISIONS TO INTERNAL REGULATIONS

In 2021, we revised the Company's Bylaws, created the Policies of Sustainability, Quality and People Management and reviewed the Risk and Internal Control Management Policies, Securities Trading, Investments and Transactions with Related Parties. In addition to reviewing the Internal Regulations of the Board of Directors and the Eligibility Committee.

Our policies are unfolded in internal regulations, which permeate the entire Company,

aligning guidelines to actual practices, making corporate governance gain capillarity and increasing operational efficiency.

We state our guidelines through policies approved by the Board of Directors. Currently, the Company has the following:



The Integrity Program applies to all governance agents, employees, interns, apprentices, service providers physically allocated on our premises or acting on behalf of the Company, serving as a reference for suppliers, contractors, service providers in general and other business partners. Everyone who interacts with us, or on our behalf, must follow the rules set out in the integrity instruments and the legislation. The Program works to prevent, detect and remedy possible irregularities or behaviors in disagreement with the Code of Conduct and Integrity and other normative documents.

In 2021, the Deputy Board of Governance, Risks and Compliance hired a Company Transparency agent on its staff, who works alongside the Information Security Committee and the Data Officer. The guidelines for the treatment of information in the Company are in line with the Information Access Law, the General Data Protection Law and the security practices of market information.

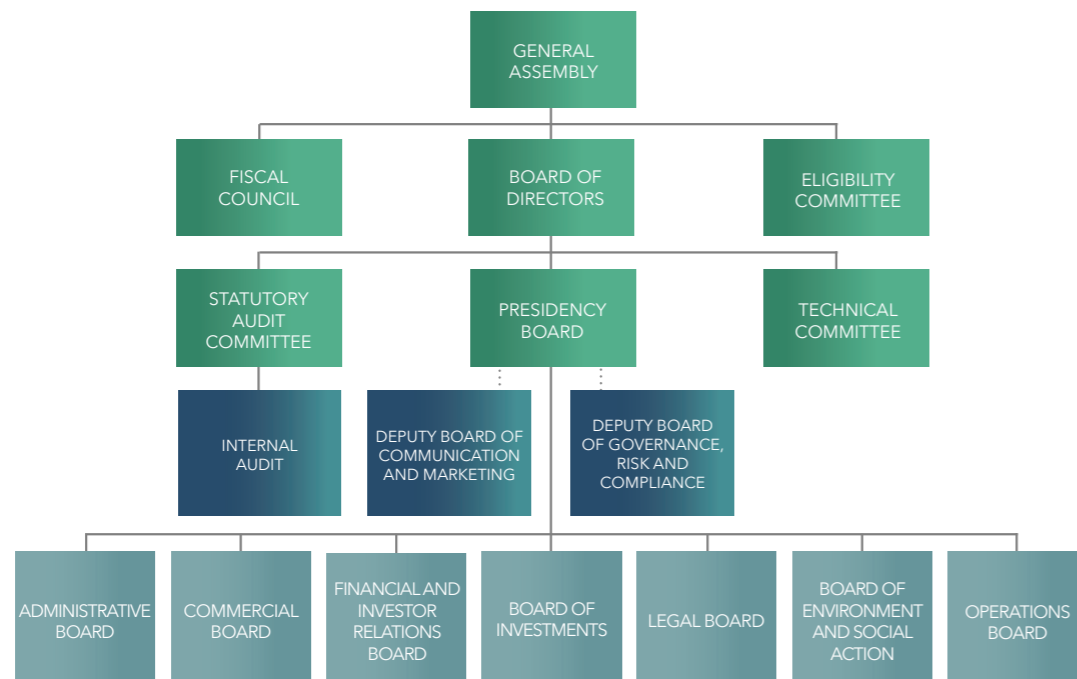
We provide the Transparency Portal, through which we advertise the acts of our management, allowing society to monitor, evaluate and oversee the management and operations of the Company. Access to public information is a constitutional principle and a right guaranteed to all of society by the Federal Law 12.527/2011 (Access to Information) and State Decree 10,285/2014, within the scope of Paraná. The published content complies with the Confidential Information Regulation, implemented as required by Law 13.303/2016 to protect business activity and commercial strategies, industrial, financial and economic in face of the competitive sanitation market in which Sanepar is inserted.

Data not available on the portal may be requested by the Information Service to Citizens (SIC). On our website the procedures for requesting information are available for academic works, research and any other needs costumer or the society in general may have.

CORPORATE GOVERNANCE STRUCTURE

GRI 102-18, 102-20, 102-22

Our governance bodies are the components of the Company's management structure, organized according to the organizational chart below.



The Shareholders' General Meeting, usually convened by the Board of Directors, is the main structure of the governance body, which deliberates on matters relating to its object, as well as definitions of the highest strategic degree, and is governed by current legislation. The Company's shareholders participate in it, and the rights of minority shareholders are always guaranteed and respected.

The Fiscal Council is a permanently functioning supervisory body, with collegiate and individual action, composed of five effective members and an equal number of alternates, elected at the General Shareholders' Meeting. Its attributions are the monitoring of fiscal and accounting practices and the annual rendering of accounts, as well as the supervision of the administrator's acts, ensuring that the business

management meets the objectives defined in the Bylaws and current legislation, in addition to other legal duties.

The Board of Directors is the deliberative body that determines the guidelines and general guidance for the Company's business, in addition to carrying out risk management, overseeing the Executive Board, selecting independent auditors and formulating and expressing the Company's policies, among other duties provided by the Bylaws. This body is made up of nine members (including an employee representative, chosen in an internal election, and three independent members).

The Eligibility Committee, a permanent statutory body, assists in the controlling shareholder, verifies the compliance of the eligibility process of managers, fiscal councilors and members of statutory committees, in terms of current legislation. It is made up of six members elected by the General Assembly. Sanepar adopts criteria for the election of its governance agents in accordance with its Nomination Policy and Law 13.303/2016; all nominees by the controlling shareholder, minority and/or preferred shareholders are analyzed by the Eligibility Committee before its effective election, in particular regarding the meeting of specific requirements and restrictions for the function. **GRI 102-24**

The Company's Executive Board is composed by eight Executive Directors (Chief Executive Officer, Chief Financial and Investor Relations Officer, Chief Financial Officer, Operations, Administrative Director, Commercial Director, Investment Director, Environmental and Social Action Officer, Legal Officer) elected and removable by the Board of Directors, responsible for executing business strategies and implementing guidelines established by the Board of Directors. The members of the Executive Board have notorious knowledge for the position and an unblemished reputation, in terms of current legislation. Sanepar also has two Deputy Board, the Deputy Board of Communication and Marketing and the Deputy Board of Governance, Risks and Compliance, with attributions defined in its internal regulations, as well as those of the Executive Board. The year 2021 ended with the following composition of the governance bodies:

Corporate governance bodies

Number of members by gender

	EXECUTIVE BOARD	BOARD OF DIRECTORS	FISCAL COUNCIL	STATUTORY AUDIT COMMITTEE	ELIGIBILITY COMMITTEE	TECHNICAL COMMITTEE
Women	2	1	0	0	2	1
Men	6	8	5	4	4	5

ADVISORY COMMITTEES

GRI 102-18

To advise the Board of Directors, we have the Statutory Audit Committee and the Technical Committee. The Statutory Audit Committee is an independent, consultative and permanent body, composed of four members (one of them representing the Board of Directors) appointed by the Board. Its main attributions are the evaluation and monitoring of the processes, preparation and presentation of the Company's financial statements, risk management processes and internal controls, the effectiveness of the company's internal audit and independent audit and to monitor, in conjunction with management, transactions with related parties.

The Technical Committee is an advisory body, composed of six members (one of whom is a member of the board of directors, a representative of minority or preferred shareholders, appointed by their peers) elected and removable by the Board of Directors. Its main attributions are to analyze and manifest, through non-binding opinions on the Company's participation in new ventures or in other companies, and the analysis of the constitution, the closing or alteration of any companies, ventures or consortia that are not provided for in the Business Plan, but have been proposed by the Executive Board. This committee also provides opinions on the personnel policy, including the establishment of the staff, job and salary plan, the opening of selection process to fill vacancies and the Profits and Results Participation Program,

proposed by the Executive Board; the proposed allocation of profit for the year; the execution of the Judicial Settlement terms (TAJ) and Conduct Adjustment Terms (TAC); and demands of external control bodies.

INTEGRITY PROGRAM

GRI 102-16, 103-1, 103-2, 103-3, 205-2

The Integrity Program completed two years in December 2021, during this period we noticed the maturity of all those involved in the theme. Employees, managers, suppliers, customers, control bodies, and society in general, demonstrate their awareness about practices recommended by the Company, which are in line with the best corporate governance practices and Laws 12,846/2013 (Anti-Corruption Law) and 13.303/16 (State-owned Companies Law). We are also signatories to the UN Global Compact, a global ethical benchmark that has the fight against corruption in all its forms, including extortion and bribery, as one of its principles.





Integrity Week – Photographer: André Thiago Chaves Aguiar

The Integrity Program is composed of six pillars: Governance and Environment Management, Risk Analysis and Control Environment, Integrity Instruments, Communication and Training, Consequence Management and Program Monitoring and each one of them has been perfected and exercised since its inception.

To disseminate and raise awareness about the Integrity Program, we defined a communication plan composed of physical and virtual materials, such as posters, banners, emails, videos, audios and events such as Integrity Week. The intention was to reach all employees and areas of the Company, seeking acculturation and internalization of the program.

In 2021, in line with the pillars of Governance and Management Environment and Communication and Training, the Integrity Week -2021 was promoted, a corporate event that took place from December 6th to 10th. On the occasion, panels were presented with the participation of members of the Board of Directors and Executive Board and also, nationally recognized personalities on the subjects, covering topics such as: Ethics and Compliance, Legal Aspects of Integrity, Diversity, Corporate and Operational Risks, International Anti-Corruption Day and General Data Protection Law. The actions have the objective to prevent, detect and remedy possible irregularities or behaviors in disagreement with the Code of Conduct and Integrity and other normative documents. Along with Integrity Week, the new

Integrity Program Communication Plan campaign was released: “You are the face of Sanepar. Keep the good image”. On the launch date of the campaign, the entire company and its stakeholders were impacted by advertising materials exposed in our physical circulation areas and vehicles, as well as in the virtual environment of employees, and social networks. The campaign had an excellent acceptance and continues to raise awareness all throughout 2022 with videos on topics such as: Internal Procedures, Moral and Sexual Harassment, Corruption or Bribery, Conflict of Interest and other topics that are dealt with by the Integrity Program, emails, audios and compliance alerts to employees. Campaign stickers were also made available for use on social networks for customers and society in general.



Você é a cara da Sanepar.
Mantenha a boa imagem.

In order to reinforce the commitment to transparency and integrity, we publish the Integrated Work Plan for the Strategic Risks Management, Corporate Internal Control and Compliance annually, which, like the policies, is approved by the Board of Directors. The Deputy Board of Governance, Risks and Compliance acts as a second line in helping management in process control. Internal Audit, as a third line, has the autonomy to audit processes, including the governance area.

Our Code of Conduct and Integrity guides all governance agents, employees, interns, apprentices, service providers physically located on our premises or acting on our behalf, suppliers, contractors, service providers in general and other business partners. An annual Code of Conduct training is carried out by employees of the Company. In 2021 5,959 employees and 33 governance agents were trained on the topic of integrity. The Code of Conduct is available on the intranet, and on Sanepar website and can be accessed via QRCode. Every six months, Senior Management evaluates the company's results in terms of compliance and indicates opportunities for improvement. At the same frequency, the Board of Directors and other governance bodies receive information on the topic.



Every six months, the Deputy Board of Governance, Risks and Compliance reports the program progress to the Executive Board and Board of Directors, following its guidelines and promoting process improvements. The policies, as well as the Code of Conduct and Integrity are approved by the Board of Directors and governance agents are trained on the theme annually.

Training on the Code of Conduct and Integrity is included in the mandatory training matrix for all Company employees. We have a Code of Conduct and Integrity for suppliers and business partners, which is discussed with representatives of each supplier at the initial contract meeting. Still in pilot format in 2021, we launched the Integrity Program for suppliers and business partners, seeking to leverage the commitment and awareness of our culture of integrity.

ANTI-CORRUPTION PRACTICES

GRI 205-1

Through the Integrity Program, we apply instruments that have been effective in combating fraud and corruption. The Integrity Program itself: Code of Conduct and Integrity, Disciplinary Regulations, Internal Regulations of the Conduct Committee and internal norms that unfold the rules. The Code of Conduct sets out conducts accepted and not accepted by the Company, in the event of any irregularity, that can be identified or brought by the Whistleblower Channel, Management or other access channels to Sanepar. The Disciplinary Regulation dictates the measures that must be taken. Situations considered Light, Educational and Medium are dealt with by the immediate management and serious and very serious ones by the Conduct Committee. This procedure brought transparency and equality to the process, reinforcing behaviors recommended by the Code.

Governance agents oversee programs and controls to prevent, detect and curb fraud, mitigate the risks of these occurrences and ensure compliance with the requirements and parameters established in Law 13.303/2016. The pillar: Risk

Analysis and Control Environment includes assessment of potential dangers related to corruption that might affect the Company. That analysis is carried out transversally to each of the 26 strategic risks and during the process mapping.

CASE UNDER INVESTIGATION

GRI 205-1

We were cited in investigation operations and as a result the senior management determined the hiring of an External Investigation Committee as well as a Shadow Investigation in order to conduct an independent forensic investigation to investigate allegations of the complaints of the Special Operations "Radio Patrulha", "Integração", "Aguas Claras", and "Ductos".

The Company works in close collaboration with investigators in order to enable maximum transparency and effectiveness of the work, still in progress, as well as the judicial process and does not appear as a defendant or accused in any of the operations mentioned, but as a third party interested as a victim of misconduct and even crimes, in theory. If such deviations are proven, in addition to punishments to those involved, we will promote improvements on internal control processes and integrity instruments.

Regarding the "Radio Patrol and Integration", "Clear Waters" Operations, we did not point out any criminal, civil or administrative implications.

As for the "Ductos" Operation, it is important to state that all employees mentioned in the operation have responded or are responding to individual disciplinary proceedings before Sanepar Conduct Committee, which have been adopting the applicable legal measures for each case.

CONFLICT OF INTEREST

GRI 102-25

The topic Conflict of Interest is dealt with in the Code of Conduct and Integrity, in the Bylaws and Related Party Transaction Policy.

All employees, Senior Management and third parties must signal when verifying conflict of interest or private interest. If such manifestation does not occur, anyone who has knowledge of the fact should do so.

It is ensured that all decisions where there may be a potential conflict of interests with any of the managers, directors or professionals, or to their family members, entities or people related to them, are taken with complete honesty, respecting the interests of the Company and observing the same rules and limits applicable to similar operations, having as a parameter the practices conditions and/or applicable legal rules.

WHISTLEBLOWER CHANNEL

GRI 102-17, 103-3

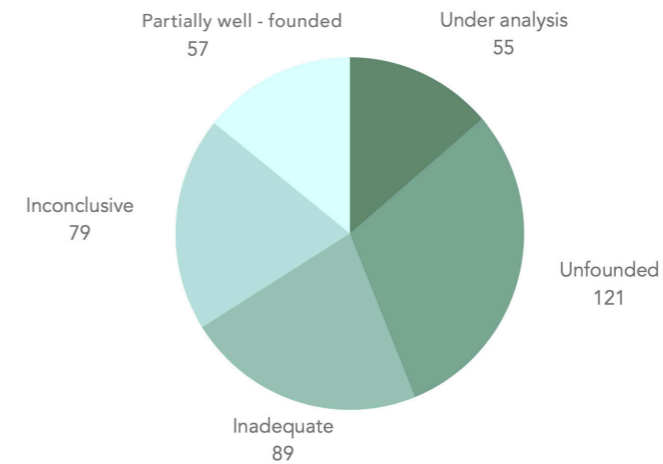
The Whistleblower Channel is external and independent, it is available to everyone, 24 hours a day, 7 days a week, over the internet, through the toll-free telephone line 0800 580 3756 or through the Company's website. Complaints are completely anonymous, never even identifying the IP of the equipment or the telephone of origin of the report. Governance agents supervise programs and controls to prevent, detect and curb fraud, mitigate risks of occurrences and ensure compliance with the requirements and parameters established in Law 13,303/2016.



The complaints undergo verification as to their veracity, which, once confirmed, leads to the establishment of internal investigation procedures. The verification is made in accordance with Disciplinary Regulation that aims to establish decision-making procedures, involving disciplinary measures resulting from violations of the Code of Conduct and Integrity, and non-compliance with laws, standards, policies and other internal procedures, and indicates procedures according to the severity level of the denounced conduct, which can be taken to the Conduct Committee or to the immediate leadership of the denounced for proper management of the consequence. During the entire process, it is guaranteed the right of defense for the accused and anonymity for the whistleblowers.

All records are dealt with in accordance with the integrity instruments and internal rules also feedback is given to the whistleblower. During the year 2021, 316 complaints were resolved.

RECORDS OF THE WHISTLEBLOWER CHANNEL IN 2021



Note: the most reported types of complaints were inappropriate conduct, violation of laws, regulations and internal procedures and favoritism or conflict of interest.

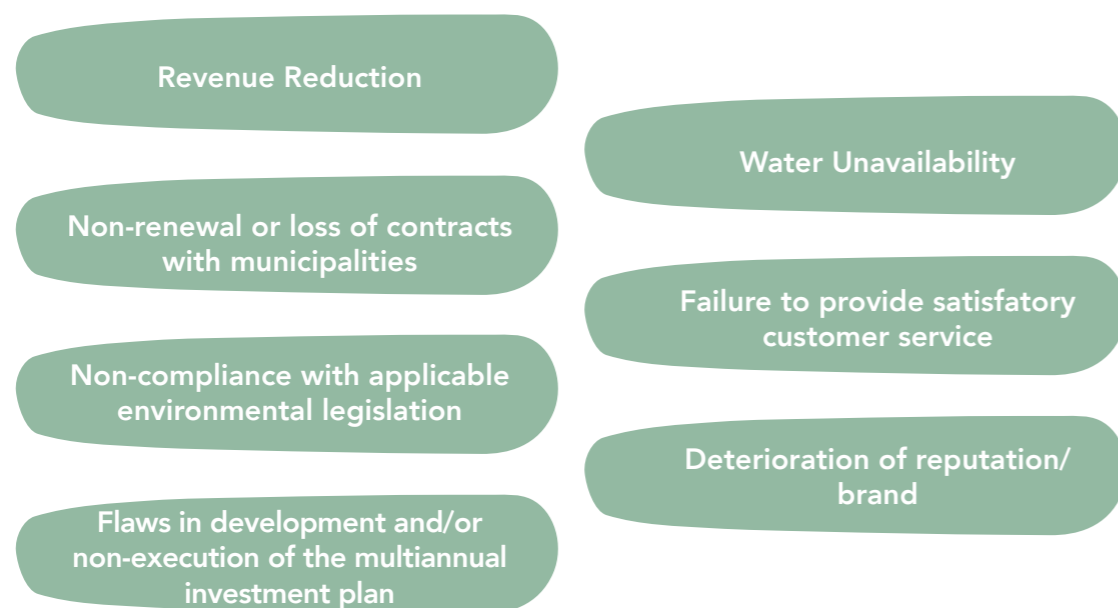
RISK AND CRISIS MANAGEMENT

GRI 102-11, 102-15, 102-29, 102-30, 102-31, 102-33, 102-34, 103-1, 103-2, 103-3, 205-1

Implemented since 2017, the Corporate Risk Management process is used as a decision-making tool by our governance agents. Identifying and managing risks before they affect the business reflects our commitment in order to fulfill future goals and focus on the perpetuity of the organization. The model used is based on the Committee of Sponsoring Organizations of the Treadway Commission – Enterprise Risk Management (COSO-ERM).

The process is governed by the Risk Management Policy and Internal Controls, which establishes the management and control mechanisms aimed to preservation and value generation, in line with the Mission, Vision, Values, and strategic objectives of the Company and is in compliance with Law 13,303/2016 and with Level 2 - good

corporate governance practices, of B3. We identified 26 strategic risks for our business, of which 7 were prioritized for systematic management, they are:



This work relies on the engagement of Directors and managers who are signing management agreements with the objective of creating corporate engagement. In this sense, risk-related indicators are monitored and mitigating actions are developed, the results are presented monthly to the Risk Management Committee, which assesses compliance with tolerance limits established, and quarterly to the Executive Board, the Statutory Audit Committee and the Board of Directors.

In 2021, the Deputy Board of Governance, Risks and Compliance –DAGRC, together with the Risk Management Committee, carried out a work of revisiting the corporate risk management process both in evolution of methodology and the entire Corporate Risks portfolio. The work carried out had external mentoring and the participation of several managers along with the Executive Board and the Board of Directors to identify new risks and/or review existing risks and risk factors. Revisiting the Risk Portfolio consolidated 21 Corporate Risks approved at the 14th/2021 Extraordinary Meeting of the Board of Directors, held on November 25, 2021, where priority was given to the following risks for implementation in

2022. It should be noted that all actions and existing risks are contained in the new portfolio:



In 2021, we advanced in the work of mapping process risks, to enable the evaluation of internal control systems and, thus, improve and ensure management at all levels of the Company, including tactical and operational. The processes are prioritized according to the Boards materiality criteria, with guidelines of the Risk Management Committee, with support from the Statutory Audit Committee and the Board of Directors.

We continue to comply with the commitment to the State Audit Office (TCE), with the implementation of internal controls and mapping of processes, considering the value chain and its strategic objectives. The deadline for mapping all processes

is 2023. In 2020, the process of assessing internal control systems was started and by the end of the year, 19 process mappings were completed, including the Maintenance management System - SGM and Acquisition processes. The mapping of these processes identified and pointed out all the findings of the special operations investigations, validating all the mapping work. In 2021, the mapping of 31 processes got started, with an expected completion date by February 2022, as stated in the 3rd Quarter of the Risk Management Report, with emphasis on the review of the entire Projects process – from planning to delivery of construction work – where the legalization processes of works were revisited. In addition to these advances, we are implementing technological innovation to further leverage the results of processes under the responsibility of DAGRC and Internal Audit, allowing greater synergy between areas, through a common database, better data and risk monitoring, the convergence of policies and practices, consequence management, feeding and feedback on mapping of processes and their results, as well as risk management and proposed mitigating actions, in addition to carrying out internal and external control procedures more reliably and with a decrease in the error margin, providing greater consistency in reports and convenience in obtaining, aggregating and making information available, so that good practices can be better disseminated and applied more efficiently in the Company.

Another auxiliary mechanism for risk control adopted is the analysis of the external and internal environment. This observation, carried out annually in the preparation of the Planning Guidelines, through scenario analysis, directs the Company's decisions and strategic changes. Following the Governance calendar, quarterly risk assessment reports are made and, annually, the business plan is approved by the Board of Directors.



Piraquara I Dam - Drought - Photographer: André Thiago Chaves Aguiar



SECTOR CONTEXT AND SANEPAR



REGULATORY CONTEXT AND SANEPAR

GRI 103-1, 103-2, 103-3

The National Basic Sanitation Law, Federal Law 11.445/2007, of January 5, 2007, established the national guidelines for basic sanitation. And in its most recent update, Law 14.026/2020, of July 15th, 2020, the New Basic Sanitation framework brought important changes and measures for ruling and future contracts, aiming at increasing the quality of public water supply and sanitation services provided. Its purpose is to seek the universalization of services by December 2033.

To comply with this purpose, obligations, goals, objectives and minimum investments were established to be carried out by service providers that must be included in future contracts and inserted in current contracts. In this sense, Art. 11-B of Federal Law 11.445/2007 (amended by Law 14.026/2020) imposes that contracts for the provision of public sanitation services must define universalization goals that guarantee the service of 99% of the population with drinking water and 90% of the population with sewer collection and treatment, as well as quantitative targets of non-intermittent supply, loss reduction and improvement of treatment processes. The current contracts that do not have the goals mentioned in Art.11-B will have to be renegotiated until March 31st 2022.

With the New Legal Framework for Sanitation, we are committed to improving structural conditions of basic sanitation in the municipalities, with standards of quality and efficiency in provision, maintenance and operation of the systems. We will act on the regime and rules of the National Water and Basic Sanitation Agency (ANA), adopt and comply with reference standards and comply with references for the regulation of public sanitation services: quality standards and efficiency in the provision of services.

With the State Complementary Law 237/2021, of July 9, 2021, the State of Paraná instituted the Microregions of Public Water Supply and Sewage Collection and Treatment Services of the West, Central-East and Center-Coast and their respective governance structures. With the regionalized services provision, the State of Paraná seeks to comply with the determinations of the New Regulatory Sanitation Framework, which brought the State's obligation to institute the regionalization of basic sanitation management by July 15, 2021, under penalty of the State and its municipalities be restricted from accessing federal resources for basic sanitation, whether they come from the Union General Budget or credit operations with Federal Entities (Article 15 of Law 14026/2020).

INFRASTRUCTURE

GRI 103-1, 103-2, 103-3, 303-1, 303-2

Water treatment and distribution

The water process management has as its purpose the systemic view of services, seeking to meet the standard of potability included in the ordinance of the Ministry of Health, cover the demands of society and customers, impacts and risks, always looking for the correlation of these demands with our operational results. In this way, the company has an entire structure of laboratories for analysis of raw and treated water, in order to guarantee compliance to the parameters. We have the Exceletas program that aims to identify possible improvements in projects and/or operational in water treatment plants. In addition to the corporate loss reduction program aimed at reducing water waste and operational efficiency.

The effects are felt at all stages of the water process, from raw water collection until the final delivery to the customer. They are identified through interviews with those involved in daily operation and when regulations, and laws, among others, are not fulfilled. The water process is directly linked to the impacts that are intrinsic to the development of our activities. Our involvement takes place through the mapping of all activities related to the water process, the identification of inherent risks, the factors and respective classifications of these risks, as well as the definition of required controls. There are limitations to the identification of effects when dealing with external suppliers. The management of service or material providers takes place through contractual instruments and executed service assessments and payments.

We establish management and control mechanisms aimed at preserving and generating value, in alignment with the Mission, Vision, Values and strategic objectives that we seek as a company.

We apply the Enterprise Risk Management process that we use as a decision-making tool for governance agents. Identify and manage risks before they affect the business reflects our commitment to the fulfillment of future objectives and the focus on the perennality of the organization.

Directors and managers accord on management agreements which enables corporate engagement. In 2021, the agreements were mainly related to the following strategic risks: improvement of the water loss reduction and control - corporate program; and compliance with parameters of the potability ordinance.

There is a definition of strategic indicators that are analyzed by management and respective boards with frequency previously defined. Those indicators undergo continuous improvement and can be adapted over time, for example, the ICP - Conformity to Potability Index Standard and IPL – Loss Index per connection/day.

The commitments assumed are with public health, drinking water supply and waterborne disease reduction as well as waste and water loss reduction, operational improvement and greater operational and process efficiency.

We are committed to the preservation and conservation of water sources. We promote the management of hydrographic basins, establishing partnerships with government and institutions, to guarantee raw water resilience - the spring - with a focus on the perennial quantity and quality of raw water. Thus, ensuring water security, enabling the potability of the water source, and guaranteeing health to the population served.

We work permanently to reach a level of excellence when it comes to respect for our supply sources so that the water harvesting occurs at the best levels of quality and quantity. Protection and conservation of water sources are a priority, highlighting the Fundo Azul Program. This allows us to invest in the conserving watershed basins, the financial contributions in 2021 had an increase of 46.3% compared to 2020.

Monitoring of average monthly captured flows, the pumping regime and the monthly captured volume in each spring and well is done by operational areas, which record the data in our Environmental Information System (SIA).

Considering the high demand of the Integrated Supply System of the Metropolitan Region of Curitiba, since 1980 the current and future water supply basins are declared as areas of interest for the public supply, in order to control the use and occupation of the soil, ensuring water quality conditions compatible with human consumption.

The watersheds upstream of the five dams used by the Company (Piraquara I and II, Passaúna, Iraí and Rio Verde) were established as Environmental Protection Areas (APAs) by state decrees. In addition to these APAs, other surface water sources are located in municipal APAs (Ribeirão Araras, in Paranavaí, and Rio Piava, in Umuarama), State APA (Rio do Mello, in Guaratuba) and Federal APA (Rio Cerquinho, in Guaraqueçaba).

Through Technical Cooperation Terms, we work with our stakeholders to protect water source areas. Investments are on the order of BRL 6,235,781.48. Part of the budget was allocated to the Fundo Azul Program, aimed at providing environmental services, carried out in several municipalities in Paraná in partnership with City Halls, universities, non-governmental organizations and cooperatives. As an example, the project signed in 2021 with Cooperativa Frísia, in the region of Ponta Grossa, prevents the release of more than 40,000 liters of animal effluents per day into the rivers of the catchment basin. The project developed in Rio Piava, in partnership with Umuarama City Hall, recovered the river banks through actions that prevent soil erosion in the region.

Frísia

We signed a new partnership with the Frísia Cooperativa Agroindustrial, through the Fundo Azul Program, which will benefit small milk farmers from spring areas in Prudentópolis, Teixeira Soares, Palmeira, Ponta Grossa, Imbituva and Irati. A service of installation or adaptation of coated manure pits will be carried out on these properties, improving waste management and preventing pollution of public water sources.

The project meets guidelines of the Ministry of Health in application of the Water Security Plan.

Constructed and used correctly, the dunghills avoid contamination of soil, groundwater and springs. Within one year, 21 properties will be suited. The expectation is that around 50,000 liters of waste per day are properly handled. In addition to regularize rural properties in accordance to environmental legislation, dunghills also stimulate the economy and sustainable development, using discarded material as biofertilizer in the field.

This is the second stage of the project. In the first stage, bovine milk farmers in the municipalities of Ponta Grossa, Castro, Carambeí and Piraí do Sul benefitted from the program. Within one year, 15 small properties had their dunghills regularized, preventing approximately 42.2 thousand liters of waste per day were irregularly disposed of the environment.

Piava

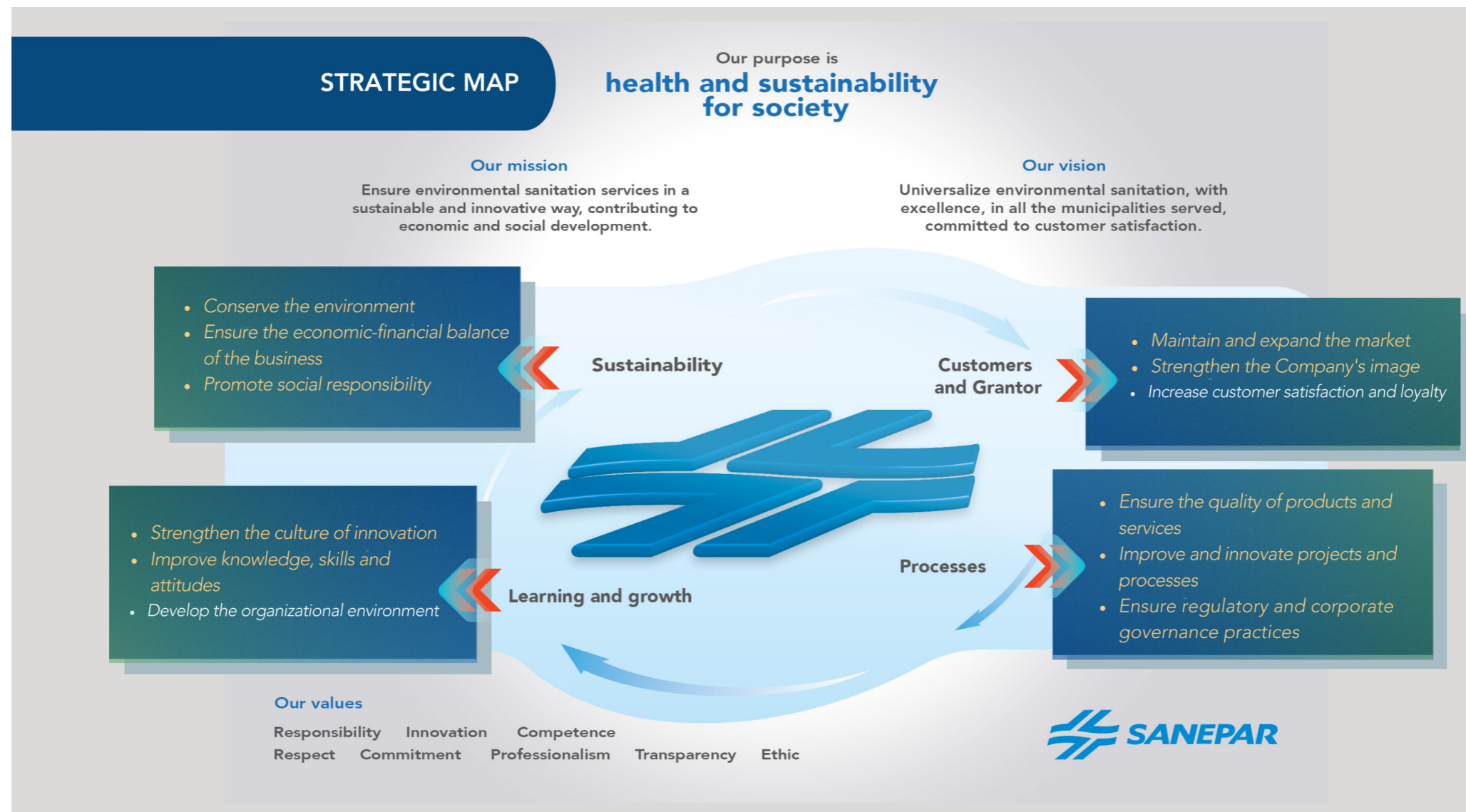
We started the protection work and recovery of springs of the Area of Permanent Preservation (APP) of the Piava River, in Umuarama. Responsible for supplying more than 48 thousand properties in the city, the river has been suffering environmental degradation in recent years. Topographic survey shows that, of the 50 kilometers of waterways that existed in 2010, in the perimeter of APP, currently there are only 28 kilometers of river, that is, 22 kilometers were extinct.

In an area of around 800 hectares, terracing is carried out, a construction technique of embankments in level so that the infiltration of water occurs slowly, reducing the erosion process, and the contribution of sand and sediments to the river. Thus, increasing the quantity and quality of water available for abstraction and supply. There are also ongoing adaptations of rainwater carriers in 269 hectares, springs protection and isolation of the APP area with fences in 4 thousand linear meters.

Methods for decision-making in relation to water resources were improved. In 2021, we implemented InfoHidro, established a Cooperation Agreement with Tecpar for the development of a tool and methodology for qualitative analysis of water used for public supply. 251 quality analysis were carried out, comprising 55 parameters, which will allow analysis regarding the definition of mitigation and conservation actions in water bodies used by the Company.

In 2021, due to the severe drought that took place in the State of Paraná, we revised our value chain, so that water sustainability permeated the entire business cycle. As far as practical actions are concerned, we deployed more accurate level measurement sensors in our main reservoirs, optimizing the quality of information for decision making regarding rotation maps.

The strategic objectives that are directly related to the water process are:



Resources

The resources necessary for the establishment, implementation, maintenance and continuous improvement of our processes are determined by Senior Management.

We prioritize and make the necessary resources available, through multi-annual investment planning, statement budget and strategic planning.

Multi-annual investment planning and operational expense forecasting are prepared by all managements of the Company. In the water process, technical teams frequently analyze the current and future situation of each supply system, with instruments such as: operational diagnostics, master plans, design studies, engineering projects for improvements and expansion works, Exceletas Report (excellence of ETAs), environmental performance reports, monthly loss report, strategic risks and their respective controls.

During the strategic planning process, operational demands are identified and the prioritization of resources occurs through an effective analysis of the Company's financial capacity, as well as our executive capacity. After the prioritization assessment, resources are allocated for the execution of the Multiannual Investment Planning - MIP, which today has a five-year horizon.

Volume added in 2021

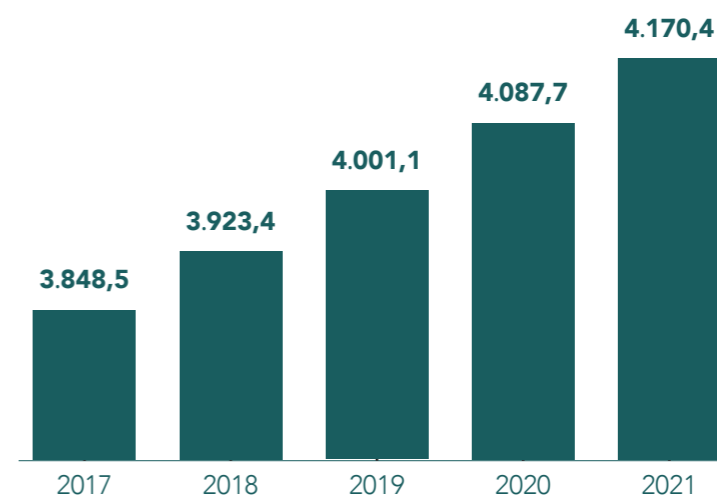
Source	Volume in m ³	Representativeness
Wells	170.414.393	22,23%
Surface water sources	596.296.041	77,77%
Total adducted volume (m ³)	766.710.434	100,00%

Water abstraction (in millions of m³) GRI 303-3

Source type	2019	2020	2021	2021 X 2020
Underground water	168,26	169,94	170,41	0,28%
Surface water	624,39	608,77	596,30	-2,09%
Total	792,65	778,72	766,71	-1,57%

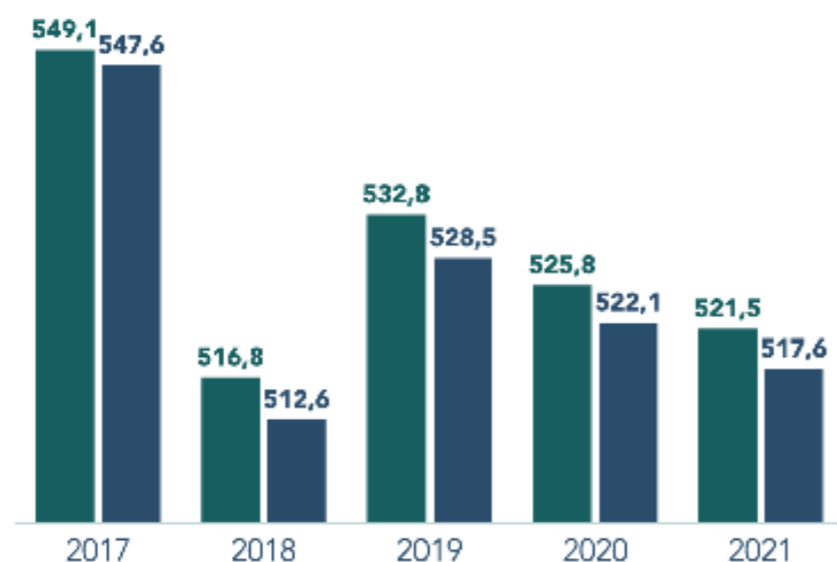
Note: all water abstracted is considered freshwater (has $\leq 1,000$ mg/l of dissolved solids totals). Of this total, 261.07 million cubic meters of surface water and 25.71 million cubics of groundwater were added from areas with water stress, totaling 286.78 million cubic meters.

ACTIVE ECONOMIES* OF WATER (in thousands)



* The term active economy is used to designate any property or subdivision of a property that has a private or shared facility for water and/or sanitation services registered and billed by Sanepar.

BILLED VOLUME* OF WATER
(in millions of cubic meters)



■ Volume Billed Treated Water ■ Volume Billed Drinking Water

* Also consider the volumes referring to industrial consumers (non-potable water).

** In 2017, there was a change in the basic structure of the minimum tariff, from 10 m³ to 5 m³.

SASB IF-WU-440a.2

	2018	2019	2020	2021
volume of stolen water in clandestine connections (m ³)	13.152.000	17.904.000	17.544.000	17.856.000
revenue loss due to theft of water in clandestine connections (R\$)	69.705.600	104.022.240	104.913.120	117.849.600

SEWAGE SYSTEM

The Sewage Process Management has as its purpose the systemic view of the services, seeking to cover customer's and society's demands, the impacts and risks, always looking for the correlation of these demands with our operational results.

It was for this purpose that we implemented, in 2021, the Analysis and Problem Solving in the Sewage Process Methodology – Masp E, starting in the watershed depletion of the Atuba Sul Sanitary Sewage System - Metropolitan Region from Curitiba. Following the same purpose, five Technical Sewage Process Chambers were created, one in each General Management of the Operations Board, to strengthen the improvements and standardization of operating procedures and the evaluations of operational and strategic indicators.

Consequently, our technical and management teams frequently analyze the current and future situation of each sewage system, using instruments such as operational diagnostics, engineering projects for improvements and expansion construction works, evaluation of environmental performance of treatment plants and pumping stations, environmental compliance reports, analysis of strategic risks and their respective controls.

This form of management results in the incorporation of innovative practices and improvements into the process, with the adequacy of procedures according to the current scenario. This purpose of management practice, based on the Business Vision, improving new operating models and new technologies, such as:

- filming equipment and quick viewing, which help in the preventive and corrective maintenance and inspection of construction works in networks collectors and building connections;
- equipment for preventive maintenance of collection networks and sewage lifts. In this item, there was the development of a national supplier that assembles sewage recycling equipment that facilitates preventive maintenance, reducing travel times and optimizing teams for work;
- definition of basic specifications, participation in the development of new

bidding models for the acquisition and implementation of equipment. There was a prospection of new suppliers, which contributed to the fulfillment of the acquisition processes. In this item, in the last three years, from 2019 to 2021, 34 modular post-treatments were implemented, a total of 259 ETE in 2021, contributing to increased efficiency and ensuring operational safety and compliance in the results of the treated effluent.

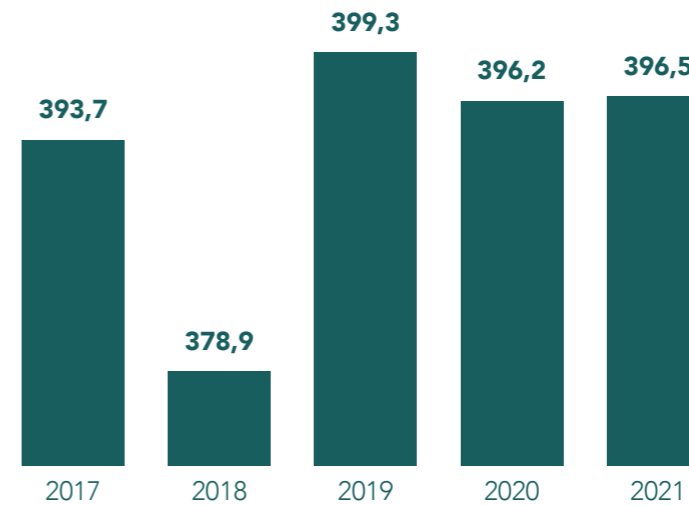
The impacts are perceived in all operational stages of the Sanitary Sewage System Structure, that is, in the collection and transport of sewage, in the removal of solid waste, in the treatment of sewage, in the transport of treated effluent to the receiving body and in the final disposal of the sludge and agricultural recycling. The effects are identified through interviews with some representatives of regional managements and, also, of other areas that are part of the internal supply chain.

In 2021, the collection network grew by 3.1%, reaching 39,660 kilometers of extension. The number of active economies connected to the network grew by approximately 3%, surpassing the total of 3.2 million active economies.

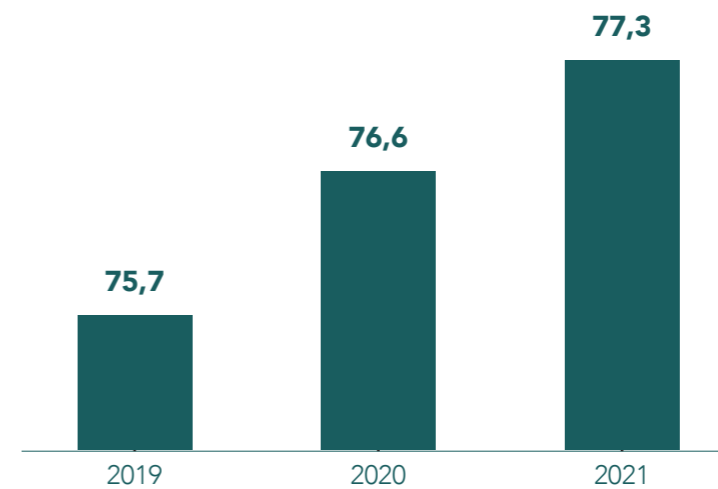
To improve sewage treatment processes, investments were made in modular treatment plants (prefabricated), in modular post-treatment and in adaptations in the Sewage Treatment Stations (ETEs) in operation. All these efforts showed significant improvements in ETEs results.

Volume of effluents discharged (In millions of m ³) GRI 303-4	
2019	382,1
2020	377,3
2021	382,2

BILLED VOLUME OF SEWAGE
(in millions of cubic meters)

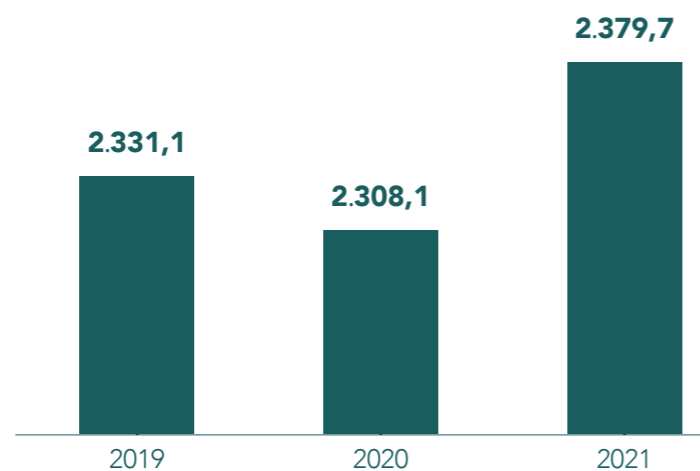


IARCE - SERVICE INDEX WITH URBAN SEWAR COLLECTOR NETWORK*
(in %)

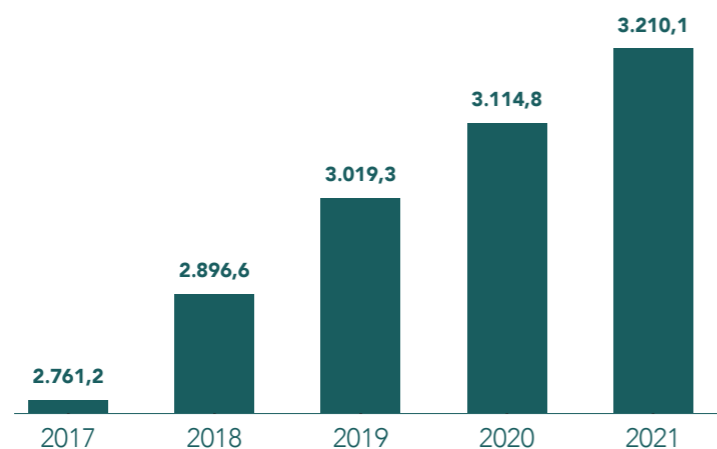


* Index based on active, inactive and feasible economies in the area where the collection network operates.

NUMBER OF NEW SEWAGE CONNECTIONS
(in thousands)



ACTIVE SEWAGE ECONOMIES*
(in thousands)

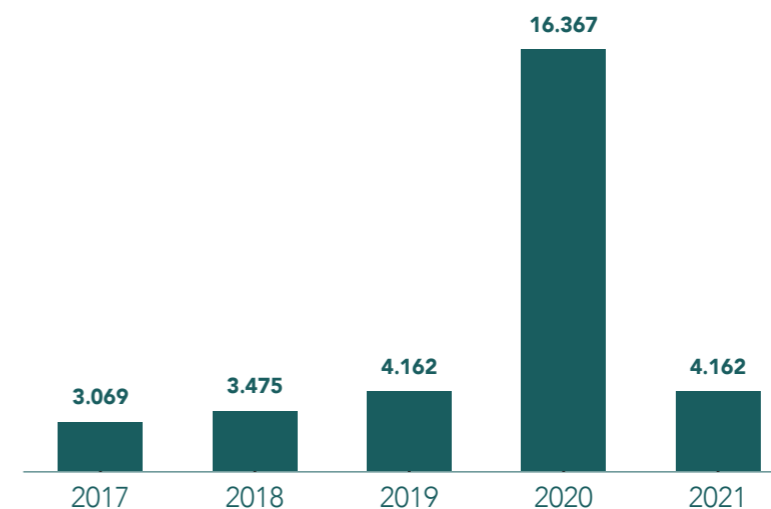


* The term active economy is used to designate any property or subdivision of a property that has a private or shared facility for water and/or sanitation services registered and billed by Sanepar.

Service interruptions

The indicator that analyzes planned and unplanned interruptions in supply consider suspension of more than four hours. Other companies, on the other hand, adopt the limit stipulated by the SNIS – National Information System on Sanitation, indicating only interruptions of more than six hours. Nonetheless, it is not yet possible to indicate the affected population and the total duration of service interruptions. Large integrated systems already have the operational registry implemented, the implementation process was expected to be done by 2020, but, for technical reasons of georeferencing, was delayed to 2022, when the entire network will be prepared to allow the complete management of this indicator.

NUMBER OF INTERRUPTIONS IN SUPPLY
SASB IF-WU-450a.3



As the Company provides essential services, in compliance with State Law nº

20,187, of 04/22/2020, we are not cutting supply due to default.

URBAN SOLID WASTE

GRI 306-1, 306-2, 306-5

The environmentally appropriate final destination of urban solid waste is carried out for seven municipalities in the northern region of the state. Through contracts with the municipalities of Cianorte, Apucarana and Cornélio Procópio, we manage three sanitary landfills that, in 2021, handled 64.9 thousand tons of waste. The experience in solid waste management began in 2002, in Cianorte. The landfill, which operates on a regional basis, serves the municipalities of São Tomé, Terra Boa, Guaporema and Indianópolis and was the first in the country under the management of a public company to receive the ISO 14001 certification for environmental management.

The Cianorte Sanitary Landfill also received certification for the processes of receiving, treating and final disposal of urban solid waste, operational and administrative support activities and monitoring of the landfill. NBR 14001:2015 Certificate.



ETE Belém - Photographer: Brunno Covello

Amount of waste managed by customer category: municipal, commercial, industrial, residential and others (tons)

	2017	2018	2019	2020	2021
Municipal ¹	32.838,34	33.826,02	34.114,58	35.435,04	34.627,36
Commercial	0,00	0,00	0,00	0,00	0,00
Industrial	0,00	0,00	0,00	0,00	0,00
Residential ²	26.045,55	25.774,72	25.710,37	26.624,30	25.190,45
Non-domestic urban solid waste ³	1.077,17	1.143,23	1.162,83	2.329,68	2.575,81
Sanitation waste ⁴	2.511,13	2.360,98	2.449,21	2.135,52	2.535,78
TOTAL ⁵	62.472,19	63.104,95	63.436,99	66.524,54	64.929,40

EXPLANATORY NOTES

1. All managed waste arising from obligations assumed with the government through program contracts with the municipalities without us being responsible for the collection: Terra Boa, São Tomé, Guaporema, Indianópolis and Apucarana.
2. All managed waste from the municipalities in which we are responsible for collection, considering that in these cases the client is the municipality.
3. Waste from large generators with characteristics compatible with the sanitary landfill class.
4. Waste destined from sewage treatment activities in the regions of the landfills.
5. The total waste managed by the Company includes waste sent to recycling and landfilled waste.

INVESTMENTS IN 2021

GRI 203-1

The Brazilian economic scenario, even with an expectation of growth in the GDP of around 4.5% in 2021, still proved to be challenging, mainly due to the weakened labor market, to inflationary dynamics, to the growth of interest rates, the devaluation of real, among other mishaps. Despite the unfavorable economic scenario, added to the prolonged and severe water crisis, we achieved positive results. We were able to honor all planned investments, with an increase of 36.3% in comparence to the previous year, exceeding the amount of BRL 1,320.2MM and we advanced with the launch of the 11th debenture issue, in the amount of BRL 500 million.

In 2021, we invested 1.3 billion in infrastructure and service support. In the last 5 years, the accumulated investment was BRL 5.2 billion, destined to the maintenance and expansion of operations and improvement of services.

Of the total invested in 2021, 47% were invested in water systems, 45% in sewage operations and 8% in administrative works and other investments. We elevated the budget for rural sanitation, quilombola communities and indigenous villages.

We went from an investment of 0.10% to 0.15% of revenue, that is, an increase of 50%. This increment aims to fulfill our social responsibility, since access to basic sanitation is a determining factor for human health and dignity.

In 2021, we added 74.6 thousand water connections and 71.6 thousand sewage connections, reaching the following service rates: 100% water and 77.3% sewage. The Company's net revenue increased 8.4% compared to 2020, with net profit growth of 18.2%. EBITDA grew by 17.6%, reaching EBITDA margin of 43.7%. In view of the results achieved and reports presented, we are now classified as a AAA investment by Fitch Ratings and Moody's and we won the Transparency Trophy for our financial statements in 2021. More information on economic-financial performance of the Company are available in the 2021 Management Report, on the website: ri.sanepar.com.br.

We value the adequate provision of services, with full service to the users, observing principles of regularity, continuity, efficiency, security, topicality, generality, courtesy, reasonable tariffs, the rational use of water resources and the universalization of services, providing attention to the population's needs, promoting public health.

We prioritize plans, programs and projects that aim at the implementation and expansion of basic sanitation services and actions in areas occupied by low-income populations that do not have payment capacity needed to afford the necessary investments. Investments in sanitation reduce transmission of water carried diseases, reducing hospitalizations and absences from work and promoting the valuation of real estate that have drinking water distribution and collection and adequate sewage treatment.

Good Water Tank (Caixa d'Água Boa)

The Caixa d'Água Boa project is an action by the Company in partnership with the State Department of Justice, Family and Work (SEJUF) developed with the municipalities. The objective is to provide improvement of housing conditions for families in social vulnerability, ensuring supply during service interruptions and avoiding water withdrawal from the distribution network during peak hours, thus contributing to the balance of the whole system. In 2021 we distributed for free 1,800 water tank kits for vulnerable families, covering 64 municipalities, with investments of 2.6 million reais.

The Caixa d'Água Boa project won the SDG award – Sustainable Development Goals Seal, from Sesi. The announcement was made during the SDG 2021 Congress. The award recognizes the success of the initiative that has already served 4,000 families in 143 municipalities from Paraná.

Rural Sanitation

Specific program for basic sanitation actions in rural areas in partnership with municipalities. We provide expertise, project design, technical support, environmental and social community support. The City Hall and the community are responsible for labour and purchase of inputs. Once installed, the system is transferred to the municipality, and management is carried out by the community itself, organized in association and trained by the Company technicians.

We have been operating in rural areas since 1984. The Rural Sanitation program has already brought treated water to over 2,227 rural communities across the state, in almost 110,000 properties, serving approximately half a million people. In 2021, we maintained 74 partnerships in progress with the municipalities, concluding 15 projects, with investments of R\$ 4.47 million in rural sanitation. For the next 5 years, around 190 new partnerships are considered, benefiting approximately 9 thousand families with treated water, with social investments estimated at more than R\$ 30 million.

Fundo Azul

Program that finances environmental projects to protect public water sources in partnership with municipalities.

Garbage collection fee

State Law No. 12,493, of 01/22/1999, regulates the responsibility of municipalities for collection, transport, treatment and final destination of urban solid waste. However most do not have enough revenue to pay for services, or to invest in treatment and final disposal of waste generated in the city. The difficulties are heightened by the way the service is billed. Municipalities usually collect the garbage collection fee together with the Municipal Taxation over Urban Property - IPTU which, in large part, presents a considerable default rate. To reverse this scenario, it is essential to have a tax management system and efficient collection. This system must address the specifics of management urban solid waste and the technical-operational reality of municipalities, taking into account to Federal Fiscal Legislation.

In view of this scenario, we are committed to working together with municipalities in the solution of issues related to the correct urban solid waste management, as authorized by Law 11,445, of 01/05/2007, regulated by Decree 7,217, of 06/21/2010, which establishes national guidelines for basic sanitation and federal sanitation system policy, which integrates solid waste into the concept of basic sanitation. In addition, Law 12,305, of 08/02/2010, regulated by Decree 7,404, of 12/23/2010, which established the National Solid Waste Policy, determined that until August 2014 municipalities implement the necessary mechanisms for environmentally correct final waste disposal. Among several possibilities, Sanepar offers to City Halls the inclusion of the collection of the "Garbage Collection Fee" in the water/sewage bill, provided that the procedure is regulated by Municipal Law.

Our leverage with these partnerships is to offer to municipalities quality, and reliable services, allied to technical and administrative rigor, marks of our work. Thus, we aim to act in a socially, environmentally responsible manner, as we demonstrate in our day to day activities.

This service was already implemented in 137 municipalities and for 2022 we plan to implement it in another 24 municipalities. The collection of the Garbage Collection Fee through the water/sewage bill has legal support in Art 7, paragraph 3 of Law 5.172 of 10/25/1996 - National Tax Code – CTN; in Ordinance No. 3 of 03/19/1999, clause 3a - Economic Development Department of the State – SDE of the Ministry of Justice; and in the Conduct Adjustment Term - TAC, signed on 04/27/2009 with the Public Ministry of Paraná.

Added to these actions is the postponement of fees due dates for those who are registered in the Água Solidária program - our social tariff program; the suspension of cuts for the duration of the pandemic and the transfer of own resources in the amount of BRL 1MM to the Federation of Santas Casas do Estado do Paraná – FEMIPA as a contribution to the fight against Covid-19. Through these actions, families with lower income had water available to face the water crisis and the pandemic. The management of economic impacts associated with Company's actions is carried out through:

- MANAGEMENT AGREEMENT with goals and indicators to be achieved;
- Critical Analysis of Management Agreement Processes and Monitoring of Risk Mitigation Plans;
- CLIPPING TOOL – to monitor and prospect Bids in the market; and
- SIS WEB – To monitor indicators and commitments with Municipalities.

The management effectiveness is evaluated through the revenues evasion index.



OPERATIONAL EFFICIENCY

Robot for network inspection at Sanepar – Photographer: Antônio William de Sousa

OPERATIONAL EFFICIENCY

Our goals are defined by legal requirements and resources involved, whether financial, human or technological. Quantitative or qualitative values are established based on historical series, legal requirements - associated or not to court agreement terms with the environmental agency – and to concession or program contracts.

Performance Indicators - Management Level - 2021 cycle goals:

- **External Customer Satisfaction Index – target 80.50%;**
- **Employee Satisfaction Index – target 75.00%;**
- **Compliance to the Management Agreement Rate – target 80.00%;**
- **CIPS - Conformity to Potability Standard Index – target –99.86;**
- **IPL – Loss per Connection/day Index – target 225.40 l/connect.day.**

Roles, responsibilities and authorities are defined in the organizational structure, normative documents and other internal documents (resolutions, manuals, information and designations).

The responsibilities on the subject lie with the Operations Director; Operational Managements; Water Process Management (corporate).

WATER SAFETY PLAN

SASB IF-WU-440a.3

The unavailability of quality water in the necessary amount, is a relevant factor that triggers operational risks that can result in shortages in supply for the population over the period of concession contracts. In this context, we recognize the importance of identifying risks associated with quality and availability of water, as well as developing strategies to manage such risks.

The quality of water in urban environment can be changed through three main types of pollutant load: sanitary sewers, industrial effluents and drain water. In this way, the urbanization or industries installation in upstream areas harms the quality of water abstracted and may violate the minimum requirements for water from watersheds springs intended for public supply, in accordance with State Law 8.935/89. We emphasize that, although complying with environmental legislation, we are susceptible to endure events with potential negative impacts to quality and quantity of water available. These are what we call unpredictable events that go beyond the Company's control. We include natural disasters such as floods and severe drought conditions, the disorderly use and occupation of land around the basin – which determines risk factors for the safety of water abstracted (quality, quantity and continuity), overexploitation of groundwater near public supply wells, among others. These events may delay or affect our ability to provide our services, which may have a material negative effect on our business and operations results.

We are developing strategies to manage the aforementioned risks:

Water Safety Plan (WSP)

We have been implementing, since 2019, the Water Safety Plan (WSP), as determined by the Consolidation Ordinance 5/2017, of the Ministry of Health. The methodology was published by the World Health Organization (WHO) and is composed by the following macro-steps: system risk assessment; monitoring; action plans and review; and WSP validation.

In order to achieve the objectives, there is the Water Safety Program, which aims to:

- (1) Water Security Program: Integrated management of water resources and environment, through active monitoring of quality and quantity of water and prevention of extreme events, in order to mitigate health and water unavailability related risks, ensuring security of public supply;
- (2) Dam and Reservoir Safety Program: Integrated management of reservoirs and dams, with the application of good governance practices, in order to guarantee the safety of dams, their surroundings and multiple uses of reservoirs, to ensure availability of water for public supply;
- (3) Watersheds and Natural Resources Conservation Program: Integrated Management of basins and aquifers used by the Company, meeting environmental governance and social practices, aiming at conservation and recovery of natural resources and mitigation of climate change impacts;
- (4) Contingency Plan for Abstraction Structures, Reservoirs and Aquifers: Prevention Methods, monitoring, alert and contingency in order to supply security and public health, avoiding financial losses, shortages, risk of water unavailability and environmental liabilities, reinforcing our image with the granting authority and society.

InfoHidro Platform

We also implemented the InfoHidro platform, a tool developed in partnership with Simepar – Paraná Meteorological System – for informed decision making, that enables active monitoring of quality and quantity of water in springs. The information provided supports prevention of extreme events, intuitively providing management and operational staff with information needed for water assessment in each region, as well as real-time information on reservoirs. A platform was also developed for data collection, through tablets, instrumentation and piezometric readings aiming at monitoring deformations in dam walls.

We started up the development of a system to monitor and assess the three water barriers according to the WSP framework: source, ETA and distribution, integrating data from different internal systems in a single dashboard.

Fundo Azul Manual

The Fundo Azul Manual was reformulated to allow an effective contribution and acting in the conservation of water and natural resources, enabling the establishment of partnerships between different actors of hydrographic basins used by the Company. We facilitated several partnerships during the year 2021 involving municipalities, cooperatives and universities.

Water Reserve

With the objective of forming a water infrastructure in a biodiversity corridor, with preservation of existing pits with potential to form lakes in the surroundings, work began phase 1 initial kick off - water reserve located in the floodplains of the Iguaçu river. This initiative aims to recover 6 kilometers of rivers and the formation of 320 hectares of caves and lakes complexes for the purpose of storing about 5 cubic hectometers of water in natura aiming to face severe climatic events. The investment forecast is BRL 3.5 million.

Water Security Plan

Due to the water crisis in Paraná in 2020, the risk of unavailability water was prioritized as well as actions for its mitigation. With the review of risks, activities to implement the WSP – Water Security Plan took shape:

1. Implementation of decision-making tools enabling adversities prevention and qualitative-quantitative and environmental management of water resources;
2. Implementation of decision-making tools and qualitative-quantitative and environmental management of springs, reservoirs and safety of dams;
3. Implementation of tools for effective contribution and performance to the conservation of water and natural resources, enabling the establishment of partnerships with different actors of the hydrographic basins.

Monitoring and risk mitigation activities are evaluated monthly.

WATER QUALITY

GRI 103-3

Management is constantly evaluated, as it is linked to the need to meet action plans and strategic indicators that are associated with the water process.

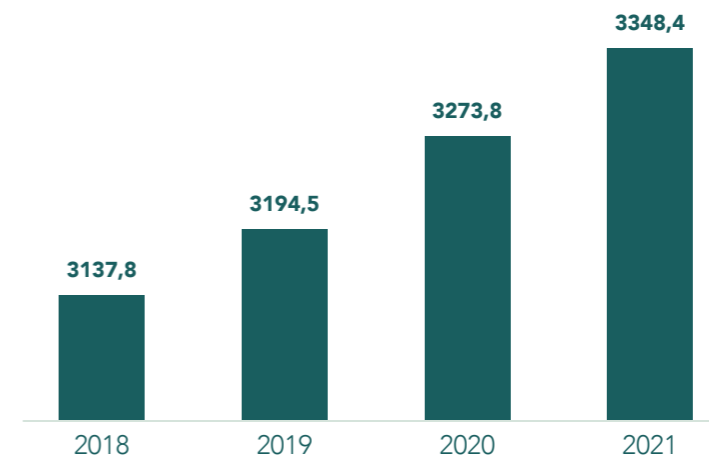
ICP – Conformity to the Potability Standard Index – target 99.86%.

IPL – Loss ratio per connection/day – target 225.40 l/connect.day.

Results of certain water quality parameters are periodically posted on our website; in an annual report; summarized in customer's monthly bill, in compliance with Federal Decree No. 5,440/2005; and through mandatory disclosure to the municipal and state Health Departments for the Ministry of Health. Water treatment processes are evaluated regularly through the Exceletas program (Excellencies of the Water Treatment Stations - ETAs), which consists of on-site verifications of the conditions of source, physical facilities, operational performance, team training and operational management.

NUMBER OF NEW WATER CONNECTIONS

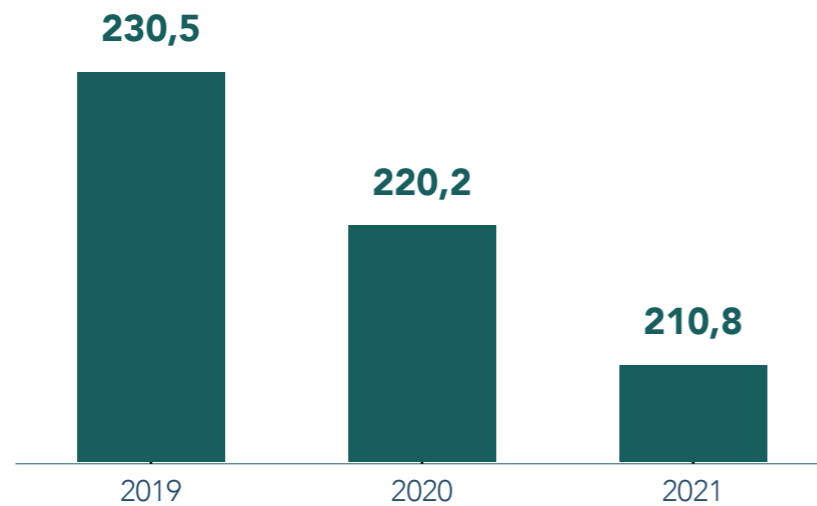
(in thousands)



Loss management

In 2021, we recorded a water loss rate of 210.81 liters/connection/day (IPL), compared to 220.18 liters/connection/day in 2020.

IPL - LOSS INDEX IN LITERS PER CONNECTION/DAY



Water losses are one of the main indicators of system efficiency. Processes subject to loss – production, distribution and network maintenance – are managed and controlled in a systematic and structured way based on the Analysis and Problem Solving Methodology Applied to Water Losses (Masp-P). Allied to Water Balance technique, the Masp-P allows the identification of causes, in order to direct more assertive correction and improvement actions. We also manage the water meter park, to keep them correctly dimensioned and technologically updated according to the consumption profile of each client. Equipment is replaced preventively and correctively, avoiding measurement failures due to wear.

Each year around 400,000 water meters are changed in Paraná. This equipment

can be defrauded or there can be clandestine connections, factors that cause losses and have increased in recent years. Measures to combat frauds and irregular connections are being taken. Pressure and flow monitoring in distribution networks is essential for the identification leaks and the direction of maintenance teams. Daily identification, control and reduction activities are carried out, which include inspections and installation of branches and easels in regions with evidence of leaks, whose repairs are carried out as soon as possible. The installation of new networks mitigates the risks of leakage of old pipes.

SEWAGE TREATMENT

GRI 103-3

Sewage treatment plants remove the polluting load, taking into account limits of different parameters determined by environmental legislation. We measure the load removed from treatment process, considering the standard limits of all evaluated parameters, and the organic load measured, according to Biochemical Oxygen Demand (BOD).

Our sewage process is directly linked to impacts that are intrinsic to our business model. The Company's involvement takes place through the mapping of all activities related to the sewage process, the identification of inherent risks, factors and the classifications of these risks as well as the definition of the necessary controls. There are limitations in impacts identification when dealing with external suppliers. The service providers management happens through contractual instruments and the monitoring of services performed and paid monthly.

For ETEs in operation, we monitor the volume of effluents launched on a monthly basis, defining and prioritizing corrective actions when needed. We also monitor, through Environmental Control Plans (ECP) of each ETE, the effluent upstram and downstream water body, in accordance with Grant requirements.

For expansion, retrofit or new ETEs engineering projects, we previously evaluate the water availability and dilution conditions of the water body, as well as possible uses of the hydrographic basin, in order to determine the characteristics of sewage treatment system to be implanted. Discharges into rivers that cross Integral Protection Conservation Units, State Private Natural Heritage Reserves (SPNHR) or demarcated Indigenous Reserves are not allowed. Additionally, the certifications NBR ISO 9001 standard, obtained by the Londrina Regional Management, NBR ISO 14001 standards, obtained by Foz do Iguaçu systems and sanitary landfill in Cianorte, and the implementation of Environmental Management System (SGAC) provide additional management tools to control effluents and waste.

In addition to expanding sanitary sewage service, efficiency of treatment processes, with internal control in stations and laboratorial analysis, also are monitored. Different systems (aerobic, anaerobic and physicochemical) are used to remove the polluting load from sewage and comply with parameters determined by environmental legislation.

ETAs and ETEs with Regularized Environmental Licensing Indicator - 92.72% - effective in 2021.

Sanitation is one of the most relevant challenges when improving living and health conditions of the public. It also has great impact in environmental protection, by reducing dumping of waste into streams and rivers.

With a focus on improving services directly related to health and citizens' quality of life, we invest continuously in the expansion and modernization of sewage collection and treatment system. In view of these commitments, we serve the following guidelines:

- Sustainability
- Customers and Granting Authority

Consequently, the Guidelines: Processes and Learning and Growth are also covered.

In 2021, in addition to continuing to install modular equipment to sewage treatment and post-treatment, which enable expansion and processes improvements in a more agile way and with efficiency gains in relation to traditional systems, there was an intense exchange of operational experiences strengthening procedures standardization and encouraging innovation.

Management is constantly evaluated because it is linked to the need to meet action plans and strategic indicators associated with the sewage process.

An example was the incorporation of a structure called "sewage process focal points", regionally located in general managements, within the state. An adaptation of the functional structure, linked to the Operations Board, created to serve regional and service managements related to the sewage process.

In 2021, the "sewage process focal points" developed actions that helped regional managements in the solution of demands arising from legal requirements, established by environmental agencies, and judicial agreements. In our normative system, the responsibilities and activities of focal points are defined involving the sewage process.

Five regional seminars on Good Practices and Innovation in the Sewage Process were held, from the 21st to the 25th of July, totally virtual and with availability in our distance learning platform. The closing took place on November 18, with an emphasis on best practices. This initiative enabled the presentation of 47 papers with the viewing of over 1,500 participants, that received participation certificates afterwards.

Service standards, defined for the discharge, in receiving bodies of treated effluents from Sewage Treatment Stations (ETEs), follow limits presented, for each ETE, in Environmental Operating Licenses and in the Usage Grants defined by environmental agencies. When the requirements are changed, it is ensured that relevant documents will be reviewed and that the team directly involved will be made aware.

The conformity of each treated sewage sample and receiving body is indicated monthly in internal document – Analysis and Non-Conformity Report of Sewage Matrices and Receiving Body. For non-compliance cases in some parameter of the sample, the internal normative procedure - Guidelines for Assistance by Regional Managements to Non-Conformities Detected in Sewage Analysis – defines what action should be taken in the event of occasional or chronic failure to comply. To meet future demands, our technical and management teams frequently analyze the conditions of each sewage system, relying on instruments such as: operational diagnoses, engineering projects for improvements and expansion works, evaluation of environmental performance of treatment plants and pumping stations. After defining the necessary actions, the demands are included in the multi-annual investment planning and in the forecast of operating expenses.

The sludge generated in ETEs has been destined for agricultural use for decades, a practice considered an example by the United Nations Program for the Environment (UNEP).

In 2021, 16,943 tons of sludge were destined for agricultural use, after hygiene, benefiting 89 farmers from 52 municipalities, contributing to the fertilization of 2,655 hectares, cultivated in several permitted cultures, according to Legislation. Currently, of the 20 Regional Managements, 6 recycle 100% of the sludge generated for agricultural use, among them the Regional Managements of Campo Mourão, Guarapuava, Maringá, Paranavaí, Ponta Grossa and Umuarama.

Through CS Bioenergia S/A, we have a contract for the disposal of sludge from ETE

Belém since May 2016. The agreement defines that the volumes of sludge transferred to CS Bioenergia must be gradually increased, depending on the increase in ETE Capacity . Currently, Sanepar pumps 840m³ of sludge per day with a total solids (TS) content of up to 2.5%.

Since March 2018, we have signed a tripartite contract with Fruits and Vegetables Supply Center - CEASA (Tatuquara Unit) and CS Bioenergia S/A, for the disposal of organic solid waste(OSW) from CEASA operation. With the increase of organic matter in the reactor, provided by this contract, which determines the supply of 25 tons per day, CS Bioenergia S/A aims to increase biogas generation in the plant.

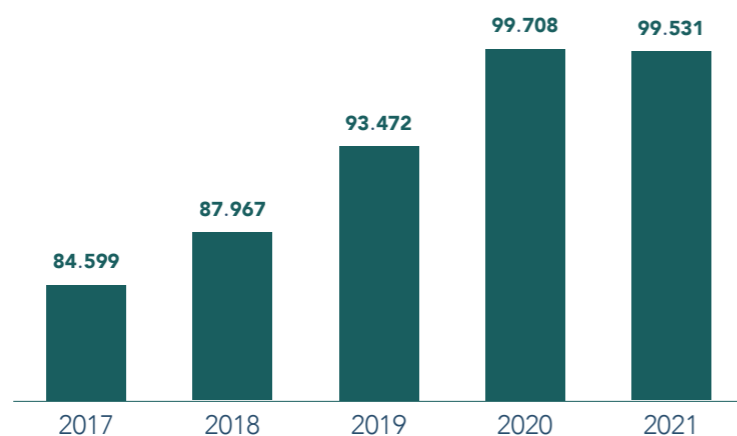
In addition, we also have a contract with CS Bioenergia S/A for the lease of biogas powered generators since 2019. The amount of energy credits made available for compensation in 2020 was 3,278,163 kWh and in 2021 it was 3,671,551 kWh.

DESTINATION - SEWAGE SLUDGE

GRI 306-5

	2019	2020	2021
Landfill	78.060	85.822	92.010
Agriculture	27.258	19.259	16.943
Energy	195.631	226.233	306.926

ORGANIC LOAD REMOVED
(in tons/year)



We establish and execute Environmental Control Plans (PCA) to monitor effluents and upstream and downstream water body, in accordance with requirements issued in environmental licenses and grants for each ETE in operation.

Senior Management determines the resources needed for the establishment, implementation, maintenance and continuous improvement of processes.

We prioritize and provide necessary resources through our multi-annual investment planning, statement budget and strategic planning.

Multi-year investment planning and operational expense forecasting are prepared by all management body of the Company.

In the sewage process, technical teams frequently analyze current and future sanitary sewage systems situation, relying on instruments such as: operational diagnoses, engineering projects for improvements and expansion construction, environmental performance assessment of treatment plants and pumping stations, environmental compliance reports, strategic risks and their respective controls.

Sewage overflow

Sewer overflow is the undue sewage flow occurring on public roads, in households or in drain galleries, as a result of sewage collection networks, interceptors or outfalls ruptures or obstructions.

Sewage Overflow per Kilometer of Network
SASB IF-WU-450a.2, IF-WU.000.E

	2017	2018	2019	2020	2021
Sewage Overflow (qty)	2.106	1.907	2.000	2.309	2.884
Sewage network (Km)	31.773,05	33.262,41	35.014,92	36.905,60	38.336,56
Overflow per Km/Net	0,07	0,06	0,06	0,06	0,08



São Lourenço Park, Curitiba - Photographer Karina Kriguel

STRATEGY AND VISION OF THE FUTURE

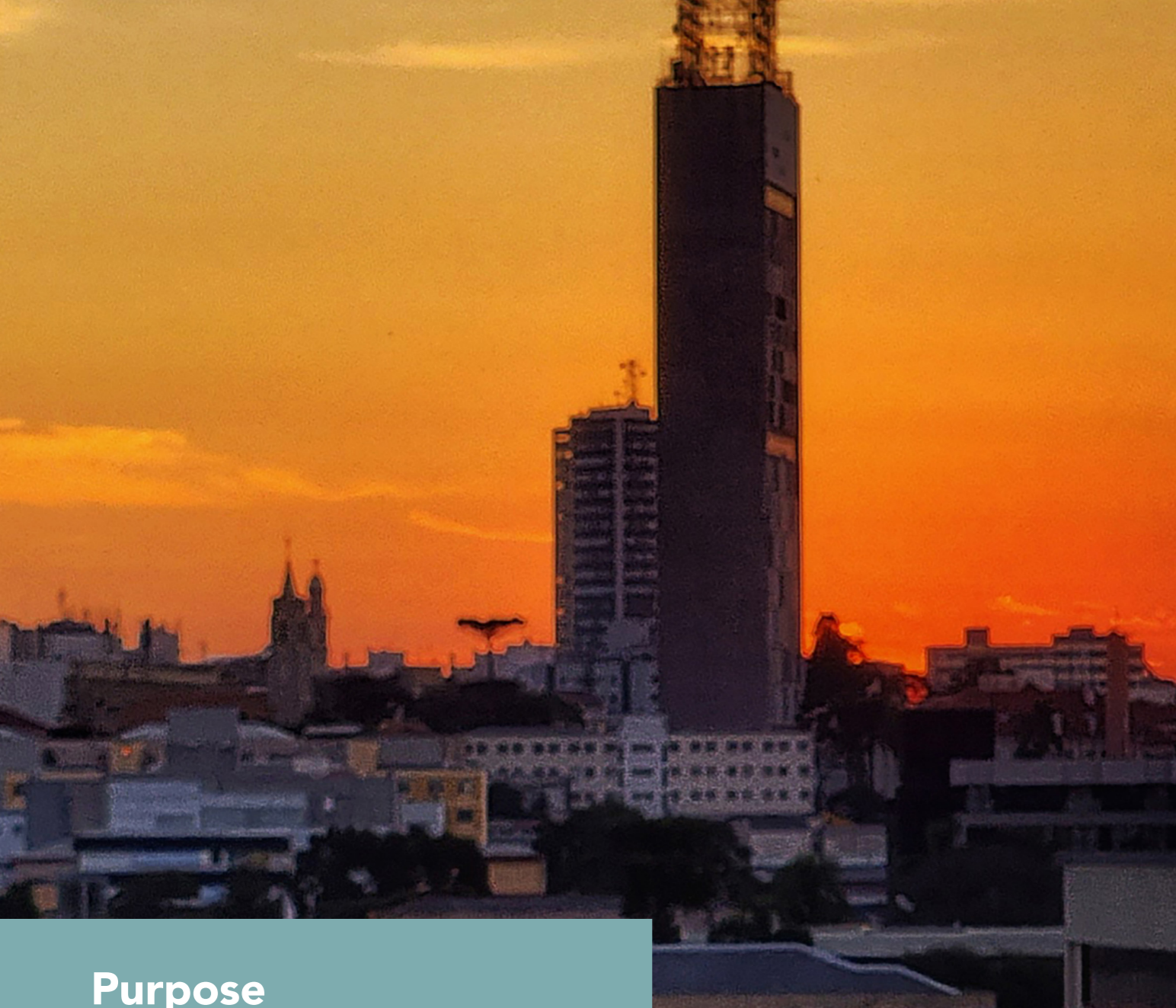


Nossos valores:
Competência | Comprometimento | Ética
Inovação | Profissionalismo | Respeito
Responsabilidade | Transparência.

 **SANEPAR**

At the bottom of the screen, a taskbar is visible with various application icons and a system tray on the right showing the time as 17:48 and the date as 20/07/2011.





07

Purpose

Health and Sustainability for society.

Mission

Ensure environmental sanitation services in a sustainable and innovative way, contributing to the economic and social development.

Vision

Universalize environmental sanitation, with excellence, in all municipalities served, committed to customer satisfaction.

Values

Responsibility

Be responsible for your actions and decisions, in commitment with company's objectives.

Innovation

Seek new solutions, aiming at efficiency and universalization of the environmental sanitation.

Competence

Carry out your professional duties with the support of the knowledge, skills and assertive attitudes.

Respect

Act correctly, respecting diversity, society and the environment.

Commitment

Act in a dedicated and committed manner to Principles, Values, Vision and Mission of the company.

Professionalism

Exercise your duties with dedication, ethics and respect.

Transparency

Act and report clearly and truthfully.

Ethic

Act in accordance with values that guide transparent and honest conduct with integrity.

STRATEGY AND VISION OF THE FUTURE

2020 was a unique year for Brazilian sanitation, with effects and consequences for Strategic Planning from 2021 onwards. Our challenge has been to constantly update the scenario analysis in order to ensure necessary adjustments to maintain Sanepar's strategic alignment, offering quick responses consistent with our organizational culture.

On July 15, 2020, the Federal Government sanctioned Law 14.026/2020 – New Legal Framework for Sanitation –, the proposal is to improve structural conditions of basic sanitation in the country. The New Legal Framework establishes national guidelines for basic sanitation and its universalization goals, determining that, by 2033, 99% of the population of Brazilian urban areas should have access to potable water and at least 90% should have access to collection and sewage treatment.

Based on what is already regulated, both by Federal Government, and the State, we are amending valid contracts, adapting them to new legal determinations, such as quantitative targets and service indicators, and we intend to have all valid contracts suitable by March of 2022, as the Law stipulates. Added to the challenges imposed by the New Legal Framework are climate change and the Covid-19 pandemic. All these difficulties presented at the same time, demanding from us a high degree of resilience and adaptive capacity.

Our Investment Plan had to be reassessed. We anticipated construction works to mitigate the impacts of the water crisis and accelerated our digital transformation process. Operational adjustments were made to ensure the continuity of services. Due to the short-term weather forecast available, we invest in careful studies for the allocation of resources, always by the principle of Allocative Efficiency of Financial Resources, and we seek to adhere to investment projections approved by Senior Management.

Thanks to the high level of commitment of all our employees, we were able to overcome the difficulties imposed by the external scenario.

SOLID VALUES

Despite the avalanche of changes, our strategic objectives and guidelines remain the same:

- * Sustainability – ensure economic-financial balance of the business; protect the environment; promote social responsibility.
- * Customers and Granting Authority – maintain and expand market; raise satisfaction and retain customers; strengthen the company's image.
- * Processes – guarantee products and services quality; improve and innovate projects and processes; ensure regulatory and corporate governance best practices.
- * Learning and Growth – strengthening the culture of innovation; perfecting knowledge, skills and attitudes; developing organizational environment.

INTEGRATED EXCELLENCE MANAGEMENT SYSTEM (SIEGS)

SIEGS permeates the entire Company on three levels of dissemination and implementation of its requirements, distributed in Technical Chambers: Strategic, Managerial and Operational.

In 2021, for the mobilization and training of all employees, the SIEGS Learning Trail was launched, comprising two distance learning courses, which enabled the training of more than 2,500 employees, while the management body was sensitized during planning meetings. In the same period, the Quality Policy was updated according to standard of Corporate Governance.

Quality tools were deployed in all Boards, through 36 mentorships, involving Technical Chambers and company's representatives with a total of approximately 270 hours worked.

With the implementation of SIEGS first cycle, Technical Chambers had the opportunity to work promoting a systemic vision, encouraging innovation, maintaining quality requirements already conquered and contributing to the refinement of the value chain and process architecture.

LOOK TO THE FUTURE

We are optimistic, as we have all the necessary requirements to consolidate ourselves against the New Legal Framework. We are made up of a very competent and committed team, our processes are well designed and ethical commitment permeates the day to day at Sanepar. Our expectation is to provide the best service possible, with an adequate tariff, bringing more and more health to the population.



Rio Pequeno Emergency Funding Work – Photographer: André Thiago Chaves Aguiar

RELATIONSHIP WITH STAKEHOLDERS

SANEPAR



Self-service totems – Photographer: Fernando Gustavo Rodrigues Brisola

STAKEHOLDERS

GRI 102-40, 102-42, 102-43

In 2021, we reviewed our main stakeholders list defined as: all elements, organizations, persons or entities that, in some way, are affected or affect the organization, both at the institutional and operational levels.

Stakeholder identification, based on brainstorming with Senior Management, guided by the AA 1000 methodology, undergoes periodic review during scenario analysis and validation of the Value Chain throughout the Integrated Planning Process. This step defines the key stakeholders to be consulted for the consolidation of material themes.

The identification of stakeholder expectations is carried out through different communication channels maintained by the Company with its main related parties.

In order to map out relevant topics, a sectoral research is also carried out, according to specific characteristics of business and analysis of internal documents that present risks and corporate strategic planning. This stage determines a list of topics that have an impact (positive or negative) on the Company's sustainable performance.

Stakeholders 2021

Shareholders, Board and Executive Board
Suppliers
Granting Authority
Workforce
Customers
Society
Regulators

We respect and recognize our stakeholders and business partners as determining agents in the execution of activities and in achieving strategic objectives. Due to the influence of these stakeholders in our operations, performance and image, we believe in continuous engagement with all stakeholders, to build a relationship of trust with customers, in environment protection, pursuit of excellence and respect to laws.

For the Materiality Review process, carried out in 2021, the results of the 2020 Materiality process were used as a basis, added to the analysis of updated internal documents on risks and strategy, as well as the analysis of new trends in the sector, considering the reformulated ISE B3 framework and national and global scenarios. The following adjustments were defined: Updating of Stakeholders and revision of themes, updated with a more modern and comprehensive language, in line with what was observed in industry peers and the national market best practices.

STAKEHOLDERS	INTERLOCUTOR	NEEDS AND EXPECTATIONS	TYPE OF IDENTIFICATION
Shareholders, Boards and Executive Board	Board of Directors, Executive Board	Return on invested capital; Growth; ESG Agenda Engagement Productivity and Efficiency	Materiality Matrix Board of Directors meetings. Board meeting Strategic Planning
Suppliers	Legal Representatives	Up to date payments Compliance with Legislation (contracts) Economic and financial sustainability	Materiality Matrix Suppliers Code of Conduct
Workforce	Unions Employees Associations	Training and development; Health and safety; wellness and satisfaction	Materiality Matrix; Organizational climate research; intranet; Union Relations Commissions
Granting Authority	Micro regional Collegiate and municipalities	Regularity and Quality in water supply; Universalization of Sanitation; Quality in Sewage Treatment and Collection; Agility and quality in provided services;	Materiality Matrix Public hearings Contracts, and Meetings
Customers	Customer Protection Bodies; Residents' Association	Regularity in water supply; Quality water; Quality in Sewage Collection and Treatment; Agility and quality in provided services; Affordable tariff.	Materiality Matrix; Customer Satisfaction Survey; Contact us; Basin Committees
Society	Representatives; Water and Land Institute, IBAMA; State Court of Auditors; Public ministry; Basin Committees; Municipal Councils	Compliance with applicable legislation; Environmental Quality; Universalization of Sanitation; Socio-environmental/health development	Materiality Matrix; Customer Satisfaction Survey; Relationship channels; Contact us; Basin Committees; Training of Social and Environmental Agents; Community Meetings
Regulators	Paraná Regulatory Agency (Agepar) Securities and Exchange Commission - CVM	Compliance with applicable legislation Compliance with regulatory requirements	Materiality Matrix Public Hearings Meetings

CUSTOMER WELL-BEING

GRI 103-1, 103-2, 103-3

For us, as well as for our stakeholders, customer relationship is an important matter. Just as there is interest by stakeholders to get to know our operations better, as an organization, we are interested in presenting our management and reporting our performance.

In 2021, to meet New Legal Framework demands, Paraná State Government sanctioned the Complementary State Law 237/2021, which divides the State into three Microregions for the provision of public supply service of water and sanitation. In this way, our relationship with the granting authority, which was previously carried out with each municipality served by Sanepar, passes to be with the council of

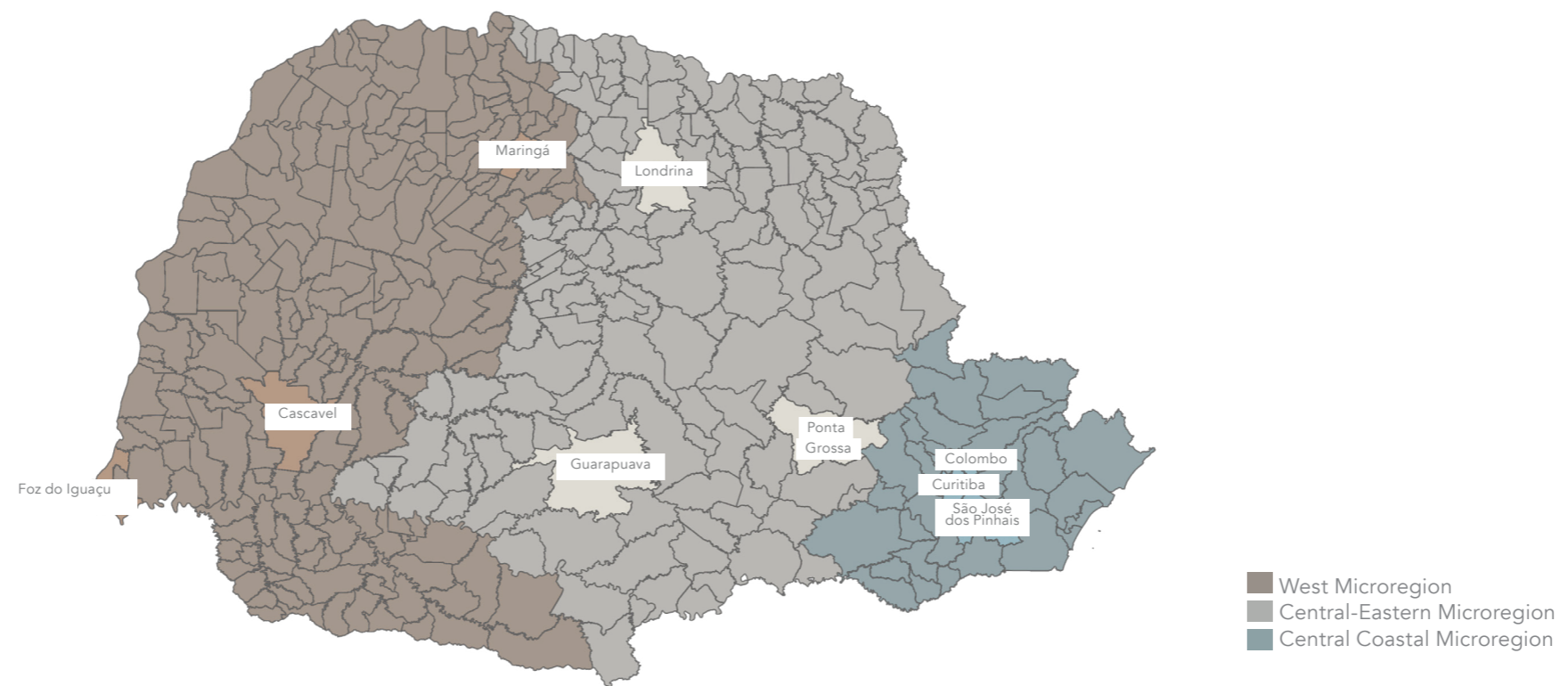
municipalities and representatives of the state government of the microregions. In this collegiate, State holds 40% of votes and municipalities 60%.

Central Coastal Microregion, with 3.92 million inhabitants, formed by 36 Municipalities including Curitiba, São José dos Pinhais and Colombo.

Central-Eastern micro-region, with 3.64 million inhabitants, made up of 155 Municipalities, including Londrina, Ponta Grossa and Guarapuava.

West Microregion, with 3.87 million inhabitants, made up of 208 Municipalities, including Maringá, Cascavel and Foz do Iguçu.

*The nine municipalities mentioned are the ones with the largest population in each Microregion.



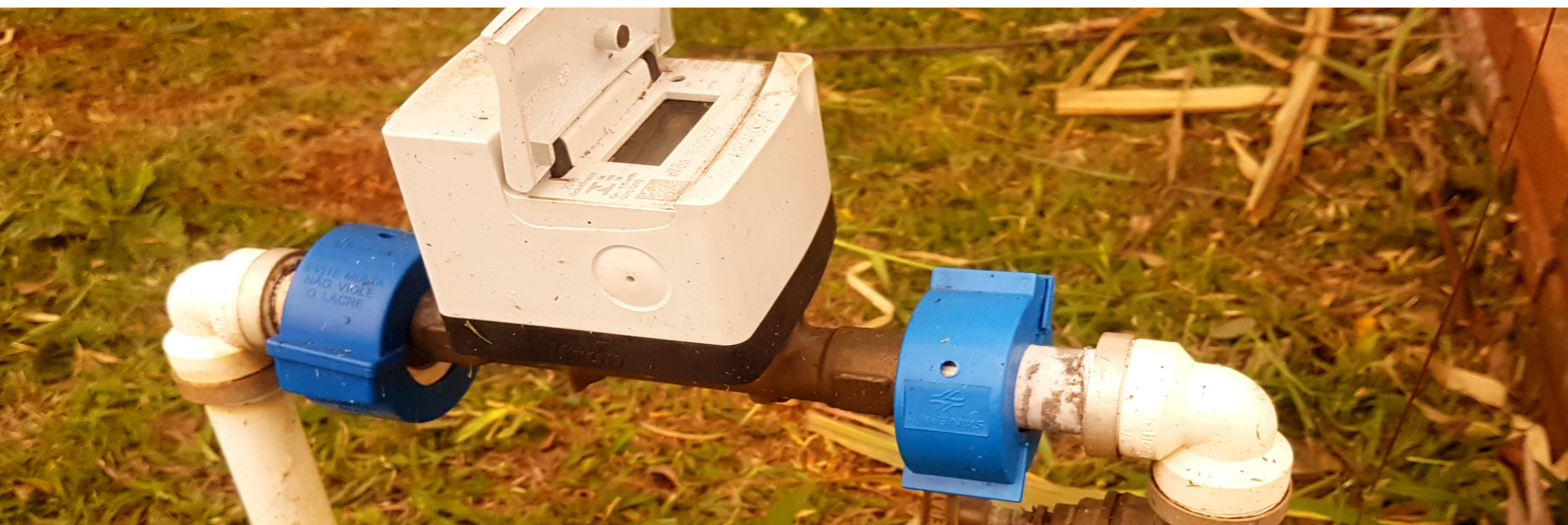
Base de dados IBGE - Municípios 2020

Customer relationship is the main commercial strategic process, permeating from commercialization itself to registration, billing and charge. Such joint actions result in the Company's revenue, essential for its economic-financial sustainability and, consequently, social and environmental as well.

We deliver essential public service to two groups of Customers – Granting Authority and Final Customer. We have the well-being of the Client as our main commercial strategic objective.

Satisfy customers demands while avoiding negative impacts on the environment and society is increasingly a key factor to our success.

The increased level of demand regarding the Company's performance, as well as the need to guarantee the well-being of consumers/clients, are essential conditions for establishing a virtuous cycle between satisfaction, loyalty and value creation – as much for customers for the business and society as a whole.



Ultrasonic Hydrometer - Photographer: Olssamar Saccon

GRANTING POWER CONTRACTS

In order to comply with Federal Law 11.445/2007 (amended by Law 14.026/2020), State Complementary Law 237/2021, of July 9, 2021, and other legislation and guidelines in force, Sanepar is finalizing contractual updates, adding terms of commitment, to meet mandatory minimum targets for universal access to basic sanitation and process improvement by the year 2033.

CONTRACTS STATUS

Of the 346 municipalities served by Sanepar (345 in the State of Paraná and one in Santa Catarina), 332 have their contracts in force and the other fourteen are expired, but in operation. Negotiations with these municipalities, to renew concessions (formalization of program contracts), are suspended due to restrictions imposed by Basic Sanitation Federal Law 14.026/2020. Among valid contracts, 180 are Program Contracts, that is to say, after the regulatory framework (Law 11.445/2007), and the other 161 are prior to March 2007, therefore Concession Contracts.

RELATIONSHIP WITH MUNICIPALITIES

Monitoring Contracts, whether Concession or Program, with municipalities is part of the routine at Sanepar. Company technicians visit City Halls and promote meetings with communities to assess the quality of services, compliance with goals formalized in contracts and the identification of new demands, incessantly seeking excellence of services.

MUNICIPAL BASIC SANITATION PLAN

One of Federal Law 11.445/2007 (amended by Law 14.026/2020) requirements is that each municipality and now, microregion approves and maintains a Basic Sanitation Plan - that must be periodically revised and updated (not exceeding 10 years) without what it is impossible to sign new sanitation services contracts.

According to legislation, the plan must be prepared with popular participation, through public consultations and hearings, and approved by local legislatures or micro-regional collegiate, and may have technical support from the service provider. The document is reviewed every 10 years, as mentioned above, to adjust goals, projects and actions necessary for the universalization of services. Among services included in the plans are water supply, sewage collection and treatment, urban sweeping, urban waste collection and disposal and drainage.

We have a technical team to help municipalities and micro-regions to update and prepare Municipal and/or Micro-regional Basic Sanitation Plans – PMSB. This technical support is provided, if formally requested, and depends on data and information availability regarding physical, operational, accounting, financial characteristics, investments (only amounts already accounted for) and particularities that may impact systems operations if they are not confidential and, after being authorized by the responsible and competent areas, always in accordance with information confidentiality policies. Examples: number of water and sewage connections (when there is a system in place), families serviced, water treatment stations, sewage and other operational units that are part of the existing system.

In 2021, we were experiencing impacts from the pandemic and water drought that influenced employees both internally, through management changes, as externally, through business interactions with end customer, suppliers, government, regulatory bodies and investors, using rotation schedule in supply, suspensions of cuts in service due to default, payments due date postponements for those registered in Água Solidária Program.

The high number of customers makes the commitment to meet all with excellence, very challenging. Customers needs/expectations:

- Regularity of water supply;
- Water quality;
- Quality sanitary sewage service;
- Services provided;
- Price;
- Universalization of sanitation;
- Collection of solid urban waste.

It is therefore essential to know the Company's management practices to meet customer needs, such as services and channels available to customers/consumers to communicate compliments, complaints and denunciations; satisfaction surveys; specific sectoral indicators; among others.

Customer relations structure is composed of several channels, in order to serve both those looking for mobility, through virtual self-service, as for those who opt for telephone or face-to-face contact. We are investing more and more in innovation and technology to narrow this relationship and facilitate communication, allowing free access to consultations and service requests. We also carry out a satisfaction

survey through a specialized company, with residential and non-residential customers.

The modernization of face-to-face relationship centers, the expansion of teleservice structure and the availability of digital tools each increasingly intuitive, in addition to trained employees, aim to offer agility, enhancing customer satisfaction.

Customer relations structure is composed of several channels:

Sanepar Mobile

The end customer can access the Company via tablet or smartphone. An application that works on Android and iOS platforms is available for free download in virtual stores. With it, it is possible to request online services such as updating registration, checking for service interrupting, changing invoice due date, obtaining barcodes or payment information, debts, meter readings and consumption. Services can be requested even on Saturdays, Sundays or holidays. The application was developed internally by a multidisciplinary team from the commercial and information technology areas.

Service by e-mail

Provision of a corporate e-mail to request all offered services, expanding the digital tools.

Self-service Totems

In 2021, totems helped reduce queues and agglomerations at Relationship Centers, helping to respect health guidelines defined to combat the Covid-19 pandemic. The equipment availability began in 2018 with the installation of 100 of them. The totems allow consultation of debts, consumption, payments and service interruptions duplicates issuing; cadastral update; repair requests; bill payment through debit cards.

QR Code

The QR Code, a two-dimensional barcode that can be easily scanned with cell phone camera, is being printed on the back of monthly bills and also in cardboard boxes and water glasses bottled by the Company.

The tool has been used to inform clients about our commercial actions, publicizing Sanepar Mobile, registering the automatic debit account and self-service totems. Also the availability of links to important topics, such as the Annual Water Quality Report; encouraging the rational use of water; Paraná Artificial Intelligence (PIA); Sustainable Development Goals (SDGs).

Personal Assistance

The face-to-face service is carried out in relationship centers in all locations served by the Company. All municipal seats are connected online. This allows immediate service through direct access to database not only for billing information but also real-time information on the latest quality control test results in served areas. In municipalities with a greater flow of customer service, Relationship Centers have a Password Panel with Video Waiting that makes it possible to manage queues, even at a distance, programmed in real-time and service stations to meet demand as needed, complying with Federal Law 10.048/2000.

Telephone Service

Our call center works 24 hours a day, 7 days a week, to receive and register customer requests, answer questions, rectify accounts, complaints, suggestions, among others. The service is available free of charge through number 0800 200 0115. At the end of each service, a quick survey is carried out. In 2021, there was a 15% reduction in the total number of complaints compared to 2020 and an increase in the satisfaction rate from 88.91% to 90.12%. There was a peak of 8,700 daily phone calls. The average under normal circumstances was 6.2 thousand daily calls. During the year, approximately 1.9 million calls.

Satisfaction rating		2020	2021
1	Terrible	46.060	35.051
2	Bad	23.378	17.529
3	Regular	58.106	44.074
4	Good	133.749	106.962
5	Excellent	888.823	774.919
Total		1.150.116	978.535
Satisfaction 4 e 5		1.022.572	881.881
Satisfaction Index (4+5)/Total		88,91%	90,12%

Automatic responses are made available to customer in the URA (Audible Response Unit) for information about water shortages and debts to facilitate and speed up customer information.

The Company also has a structure working during business hours responsible for the so-called "active service", with the return of some services.

SMS

For emergency situations, such as water supply suspension, we use SMS text sending system to communicate customers about the interruption of supply in the region. To receive messages, it is necessary to update the registration and provide mobile number on the website or in the Company's application. In 2021, more than 12.9 million SMS texts with information about rotation /scheduled maneuver in water supply, internal circulars/ informatics and debt negotiation actions were triggered.

It is important to highlight that, in this period of water crisis, SMS text was a fundamental tool to inform customer on a monthly basis about the rotation table, allowing planning and preparation. The channel is advantageous as it is a cheaper means of communication if compared to phone calls, and more efficient than email because, in addition to being mobile, it does not require an internet connection.

Paraná Artificial Intelligence (PIA)

Paraná Artificial Intelligence (PIA), launched in June 2019, is a platform with more than 380 State Government services. The tool facilitates access to public services and increases citizen interactivity with service providers. On the platform, for example, the person registered can find out about suspension of water supply in the region and other public services.

Policies, Commitments, Objectives and Goals

Company's mandatory commitments to customers are established in Federal Sanitation Law 11.445/2007, in Municipal Basic Sanitation Plans (PMSB), in Consumer Defense Code, in Paraná Basic Sanitation Service Regulation (Annex to Resolution 003/2020 - AGEPAR) and in the Company's strategic guidelines. Other state/municipal laws relating to procedures are included in the Company's Normative System, as additional documentation.

The relationship is guided by Sanepar's Customer Policy with the objective of promoting public satisfaction. Annually, we apply a satisfaction survey, through a hired specialized company, with residential and non-residential customers and after-sales/service directly in relationship centers and through the 0800 number.

With the Customer policy, approved by the Board of Directors and Executive Board and currently under review, we constantly seek customer satisfaction, maintaining, expanding and innovating. In our strategic map, through guideline: Clients and Granting Authority and strategic objectives, we ensure the commitment to customers well-being in terms of maintaining and expanding the market; increasing customer satisfaction and loyalty; strengthening the Company's image.

Objectives and targets related to Customer Policy are listed and monitored through a management agreement (which relates commercial plans to strategic or managerial objectives and goals between the Commercial Board and its executive management.



External Customer Satisfaction Index

- **Target: 80,5%**
- **Achieved: 75,3%**

Image Favorability Index

- **Target: 65%**
- **Achieved: 69,2%**

Urban Sewage Collector Network Service Index

- **Target: 77,15%**
- **Achieved: 77,31%**

Starting from the strategic map, the objectives and goals are reapplied in specific actions to be developed by the Commercial Board, agreed with the management, through a formalized document, envisioning the management of the relationship process in terms of customer well-being. Critical analysis meetings are held and, if deviations are identified, strategies are adjusted to achieve the goals.

Customer relations management is evaluated through a monthly critical analysis and assessment meetings. Its effectiveness is evaluated in a corporate way, through SIEGS (Sanepar Integrated Excellence Management System), which integrates quality management and institutional programs. The internal audit acts in the verification of the referred relationship process with areas where they are applied,

pointing out deviations and suggesting recommendations to the executive board and other related areas through a follow-up action plan. The Evaluation of Management Agreements, strategic, managerial and operational indicators, risk mitigation, mapping and process improvements are some of the tools applied. External performance evaluation is in accordance with ISO 9001 and SNIS (National Information on Sanitation). Benchmarking is usually performed with companies like Copel and other sanitation companies. In 2021 the ABES Congress was held, and helped benchmarking between companies.

In unison with the Board, management makes adjustments in the conduct of its management agreement, justifying deadlines and realigning goals after analyzing results for the period.

Complaints Mechanisms

Complaints about the Company can be sent via 0800, Contact Us, website, Ombudsman, Relationship Centers and Whistleblowing Channel. We provide a direct link to the regulatory agency (Agepar) on our website.

Among the mechanisms mentioned above, exception to the direct link to the Regulatory Agency, which involves another collaborating organization, the others are operational mechanisms and may involve other organizations such as 0800 and the Whistleblower Channel.

These mechanisms cover all activities related to our business, all those that can converge in situations of complaints regarding our performance and are intended for the general public -customers as a whole, employees, third parties, suppliers and business partners. The purpose is to carry out remediation when negative impacts occur, provided that the causes of such impacts are identified, improving management and processes. These mechanisms are managed through corporate registration systems which generate reports about the handling of complaints, being the Ombudsman and Relationship Centers as the main entry channels.

The Commercial Department has sought continuous improvement in processes and implementation of projects aimed at reducing complaints and, consequently, optimizing customer satisfaction with efficient communication, automating procedures and failure minimization.

As an example, we worked hard and were agile to reverse the effects of the water crisis and the pandemic on our activities throughout 2021. The year ended with a positive equation: the Company overcame difficulties thanks to the responsiveness, efficient planning and execution.

In 2021, the Company recorded 4,170,409 active economies in 3,348,437 connections with 16,630 Ombudsmen in total, which corresponds to 0.39% of properties served. If we only consider calls related to the Commercial Department, the rate would be 0,15%.

The Relationship Centers registered 34,335 complaints:

BILLING COMPLAINTS: 2.382	COMPLAINTS ABOUT OPERATION SYSTEM: 26.304
Excessive consumption: 2.031 Services charged/fine: 261 Tariff readjustment: 90	Service interruption: 22.125 Water quality: 723 Water pressure on the easel: 2.182 Leak search: 9 Sewage backflow: 1.265
COMPLAINTS ABOUT SERVICES PROVIDED: 5.649	
Reconnection due to improper disconnection: 9 Water branch reconnection due to improper cut: 3 Duplicate not delivered to customer: 2.147 Service performed: 3.490	

Processes, Projects, Programs and Initiatives

We develop systematic, programmed actions that take into account international norms and standards, such as the Sustainable Development Goals. Such initiatives can be punctual, listed through a management agreement, or continuous, as is the case of social programs offered through differentiated tariffs. Below, we describe some of these actions:

ÁGUA SOLIDÁRIA - "SOLIDARY WATER": the benefit of Água Solidária is offered to low-income families, users of water services, with consumption of up to 10 m3/month, considered the amounts of R\$ 11.53 for billing up to 5 m3 and R\$ 0.35/m3 for billing from 6 to 10 m3. For sanitary sewage, the tariff is 50.0% of the water billing. In line with State Government guidelines in the fight against the pandemic of Covid-19, the Company has been postponing the billing due dates for those registered in the program for 90 days; as well as not cutting the supply in case of default, in accordance to State Law 20.187/2020.

In December 2021, about 220,000 families were enrolled in the program, resulting in an accumulated subsidy of R\$ 153.5 million. (Considering the tariffs in force according to Ratifying Resolution No. 015/2021 - AGEPAR).

MICRO AND SMALL COMMERCE SPECIAL TARIFF: Customers who carry out commercial activities and fall within the ICMS Exemption Program of the State Government, with total annual revenue established in State Decree, in condition of micro and small enterprise or individual microentrepreneur (MEI). Equivalent to 2.8% of the number of commercial economies served by the Company and means a subsidy of R\$ 5.9 million in the year.

PHILANTHROPIC ENTITIES SPECIAL TARIFF: Institutions that are officially registered with public bodies and provide services to the community in the form of charity and obtain resources for its functioning, with volunteer actions and donations from Federal, State and Municipal Governments and society, not for profit. It is equivalent to 2% of the number of public utility economies and means a subsidy of R\$ 4.8 million in the year. Actions are prioritized, including deadline negotiations

and other needs, that may involve other areas, such as IT from time to time, actions may be prioritized over others already scheduled for the period, in order to mitigate or remedy identified negative impacts.

PEOPLE MANAGEMENT

Saneparians are our most important asset. Corporately manage such wealth demands that we understand employees as partners, skillful individuals capable of transforming the organizational environment and society. We must promote a safe, healthy, inspiring and innovative work environment that values knowledge, skills and attitudes, with equal opportunities, respect for plurality, diversity and equity. Our People Management area, together with the governance body, are the great drivers and of this constant evolution and learning. Because we are a mixed capital society, we hire our employees through a public tender, as legislation prescribes.

People Management takes place through the Board of Directors, Executive Board and Personnel Management. The form of management evaluated by managerial competences, seeks to contribute to the construction of ethical and respectful professional relationships. We seek to be an example of humane, honest and professional treatment, constantly promoting our values. We spare no effort to keep teams in tune with the objectives and Company's challenges. We monitor and promote performance and leadership development. We seek to maintain a favorable corporate environment, inspiring commitment and engagement in our teams.

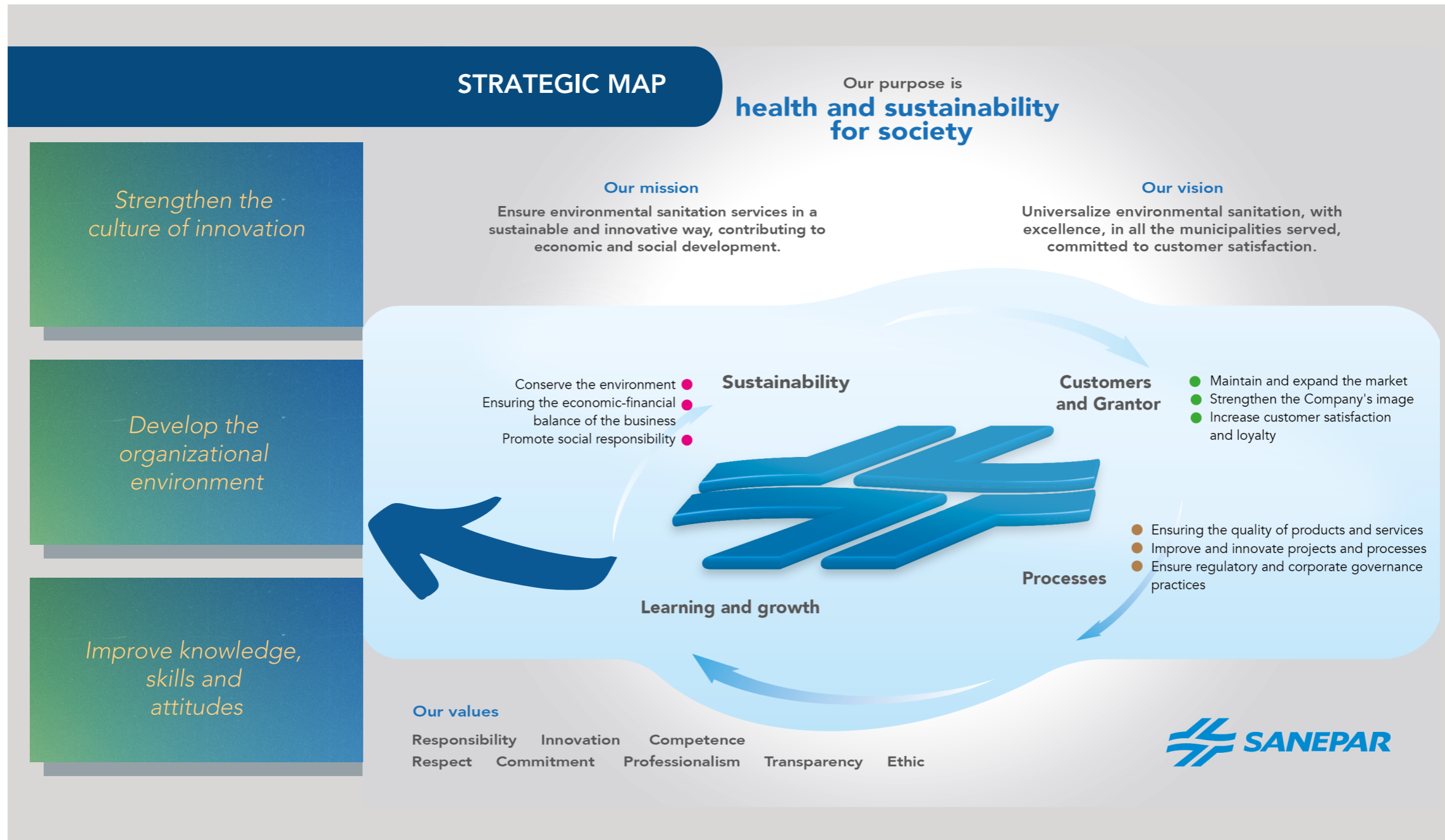
We know that thinking about our future requires investing in the personal and professional development of employees, because better people are capable of making a better company. Therefore, our Policy foresees:

- Invest in personal and professional development, training employees to transform the company, making it even better;
- Intensify employee skills, leveraging the value of human capital, providing professional fulfillment;
- Promote interaction with other companies, exchanging knowledge and experiences, enriching and expanding our vision;
- Facilitate access to knowledge through modern interactive tools that are simple to operate;
- Offer training, courses, lectures, seminars, webinars, among others opportunities for professional and personal growth and professional updating;
- Actively participate in social actions and society transformation, promoting solidarity and valuing citizenship;
- Encouraging reading to enrich human knowledge, providing a vast corporate library collection as a resource for personal and professional development and improvement.



Piraquara Dam – Photographer: Helaine Baggio

Among the 4 Guiding Axes of our Strategic Planning, Learning and Growth are highlighted with the following strategic objectives:



And the indicators adopted are:

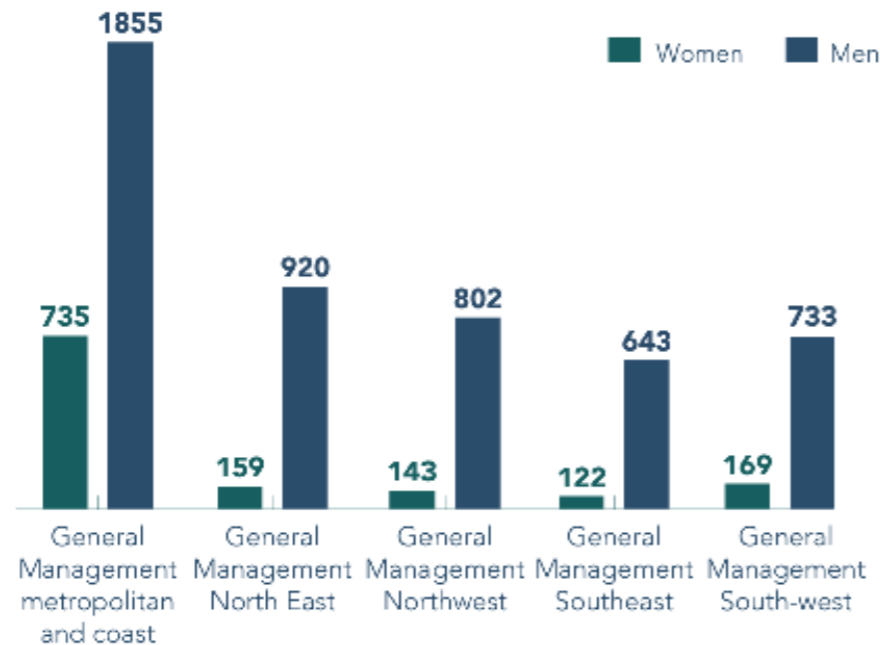
- Workforce Training Index with a target of 90% of employees with at least 20 hours of training per year;
- Compliance to the Training Plan Rate, with a target of 70% of the number of hours of training planned;
- Employee Satisfaction Index, with a goal of 75% satisfaction;
- Personnel Creativity Index, with a goal of 10% of employees registering ideas in Sanepar's bank of ideas – BIP.

EMPLOYEES PROFILE

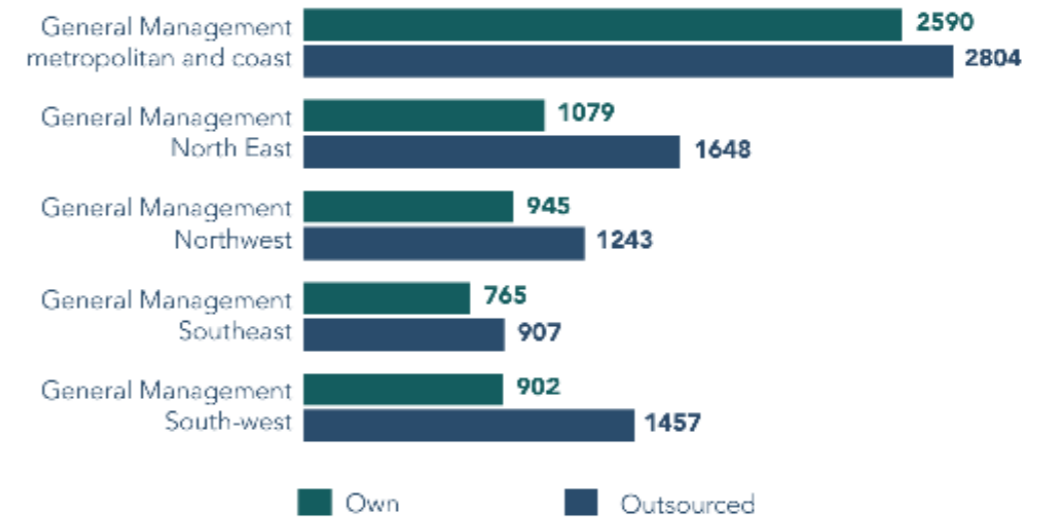
GRI 102-7, 102-8

We have 6,281 employees, all with full-time contracts. In the graphs below, we demonstrate the profile of our employees in terms of gender, region and type of employment contract.

TOTAL EMPLOYEES BY STATE REGION, BY GENDER:



TOTAL NUMBER OF EMPLOYEES PER EMPLOYMENT CONTRACT (OWN AND OUTSOURCED), BY REGION:



TOTAL EMPLOYEES BY STATE REGION:

The table below shows the evolution of the number of employees over the last few years, by region.



Region	2018	2019	2020	2021
Metropolitan and coast	2.933	3.060	2.697	2.590
North East	1.223	1.217	1.107	1.079
Northwest	1.018	1.003	955	945
Southeast	835	846	796	765
South-west	1.013	1.004	931	902
Total	7.022	7.130	6.486	6.281

DIVERSITY AND NON-DISCRIMINATION

GRI 405-1

Diversity, Equity and Inclusion are essential issues to compose a healthy corporate scenario. Since 2016, we have been signatories to the Sustainable Development Goals (SDGs) and the Women’s Empowerment Principles, with Diversity as a theme to be revered and propagated throughout our structure and processes.

The following tables show the number of male and female employees in the Company, in general and by category, and the number of employees by age and by category.

 Women	1.328
 Men	4.953
Total 6.281	

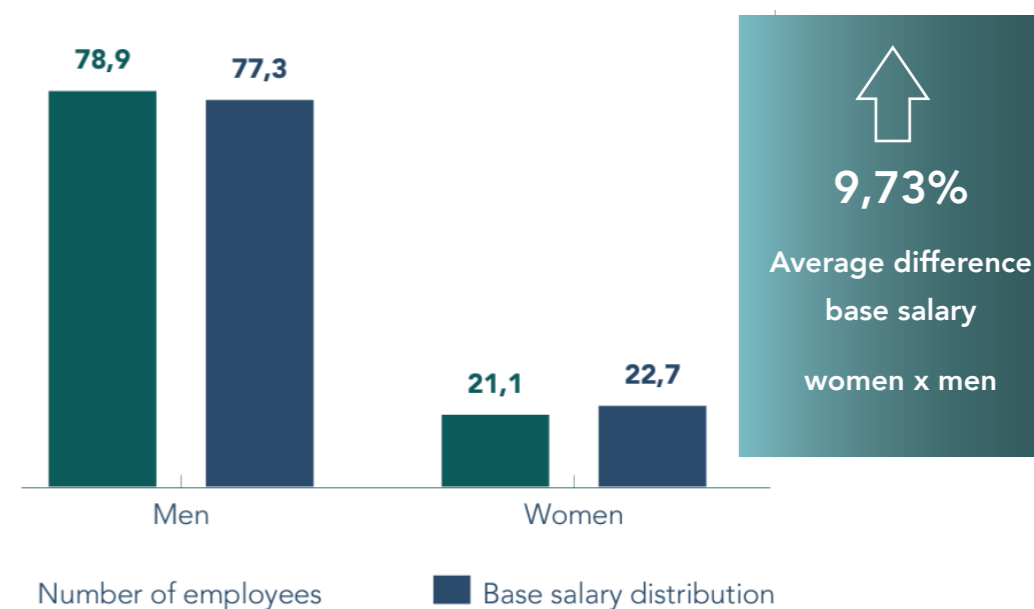
Employees by Category:

	Women	Men	Total	Up to 30	31 to 50	Above 50
Board of Directors and Committees	4	26	30	0	8	22
Executive Board - Not Employed	1	5	6	0	1	5
Executive Board - Employee	1	3	4	0	2	2
Managerial	87	232	319	4	227	88
Professional	217	450	667	2	436	229
Technician	183	678	861	28	557	276
Operational	839	3.585	4.424	112	2.834	1.478
Interns	18	25	43	43	0	0
Apprentices	178	97	275	275	0	0

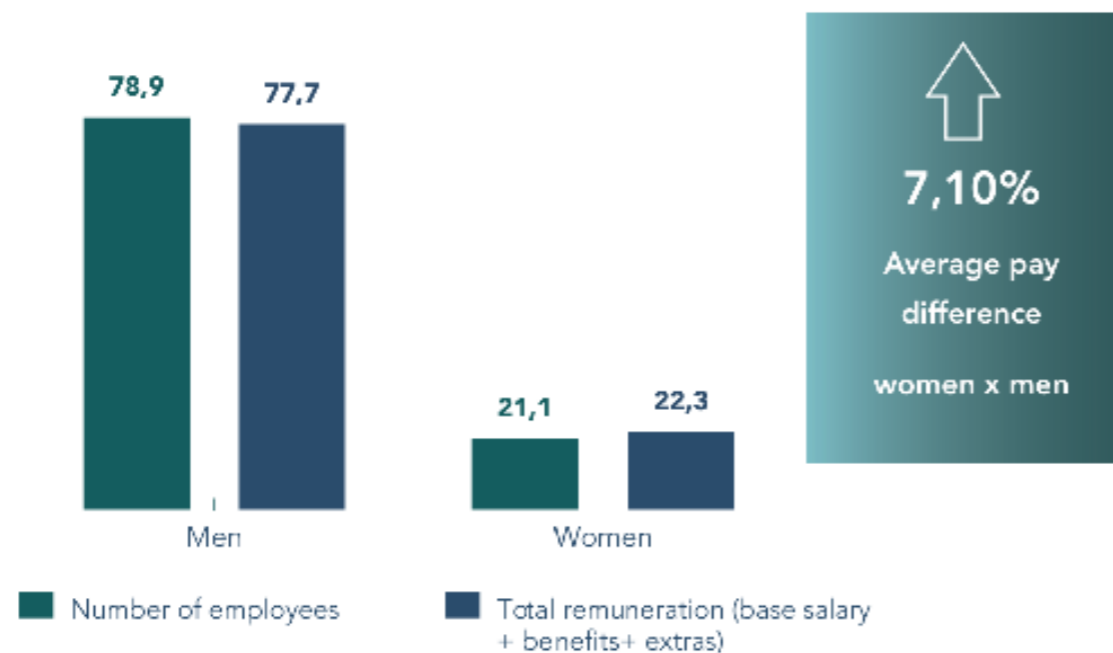
Considering the total amount of the Company’s base salary, 77.28% of the amount is destined for male employees and 22.72% for female employees, totally proportional to the number of men and women in the company, with 78.87% and 21.13% respectively. The average base salary of female employees is 9.73% higher than the average base salary of male employees, considering people of all specialties from operational, technical and professional.

With respect to the total amount of the Company’s remuneration, which comprises the base salary plus benefits (such as daycare allowance and food stamps, for example) and additional (such as unhealthy and dangerous conditions, for example) 77.70% of the amount is destined for male employees and 22.30% for female employees, fully proportional to the number of men and women in the company as well. The average salary of female employees is 7.10% higher than the average remuneration of male employees, not considering the area of occupation, position and length of service.

NUMBER OF EMPLOYEES AND DISTRIBUTION OF SALARY BASE, BY GENDER: GRI 405-2



**NUMBER OF EMPLOYEES AND TOTAL REMUNERATION, BY GENDER:
GRI 405-2**



It was also since 2016 that we started to monitor more closely the participation of black people and people with disabilities (PwD) in our staff. Especially in the care of PwD, we are formally engaged, providing support and subsidy to saneparians and family members facing different conditions. Through Sanepar and SaneSaúde Foundations, we have a program for people with disabilities (PPNE), which covers various expenses, according to salary range, to assist in treatment, development and social integration of the employee or his/hers dependent; from special schools to specific treatments.

We also adopted a reduction of up to 50% of the working day, without salary reductions, for the treatment and monitoring of children with special needs. The criteria are established in the Collective Bargaining Agreement (ACT), ensuring the benefit universally to any worker in these conditions.

Regarding Equity, in 2019 and 2021, we received the Bronze Trophy in the Large Size companys category of the WEPs Brazil Award –Companies Empowering Women.

We are the first sanitation company in Latin America awarded for the effort and commitment to treating female and male employees equally.

The award validates our commitment in promoting policies and practices that respect and value women in the workplace. Held by the United Nations, through UN Women, the International Labor Organization (ILO) and the European Union, WEPs Brazil encourages Brazilian companies to adopt the purpose of implanting a culture of gender equality in organizations, based on Women’s Empowerment Principles.

Racial, generational and inclusion issues of people with disabilities (PwD) have also become increasingly relevant internally. So in 2021, we felt the need to transform the existing Equity Committee into something bigger and more comprehensive, in line with the challenges presented by society, in line with what the ESG Agenda (Environmental, Social and Governance) recommends. In November, the Committee was remodeled to meet new demands, in a more plural and inclusive way, giving way to the Diversity, Equity and Inclusion Committee.

Aligned to the People Management Policy, the new proposal will have as it’s main challenge corporately address issues related to people with disabilities, gender equity, LGBTQI+, ethnicities and generations, seeking to eradicate discrimination and promote equal opportunities.

EMPLOYEES COVERED BY UNION AGREEMENTS

GRI 102-41, 401-2

Appreciating the good relationship with all employees union representatives, and seeking to provide improvements in the work environment in a cooperative and fair way, Sanepar formally instituted in the second semester of 2021 a new Union Relation Commission. Composed of professionals from Personnel Management (GGPS) and Labor Law Department (GJT), the commission has the mission of maintaining permanent dialogue with entities and forwarding solutions in search for favorable agreements for all, honoring Brazilian legislation.

Providing one more way for the employee to access the topic, in addition to direct monitoring with their respective representative entity, the Union Relations also gained a dedicated space on the official Internal Communication platform (Intranet), allowing a new attitude of anticipation and transparency in the negotiation processes of the Collective Bargaining Agreement (ACT) for the following year.

The initiative is in line with the recently created People Management Policy and the challenge of implementing ESG practices (Environmental, Social and Governance) in the Company, betting on building even more assertive, transparent and beneficial labor relations.

Our more than 6 thousand employees are represented by 21 unions, which act on behalf of the various professional categories that make up the workforce. Each year, these entities are present in the collective bargaining that defines salary and benefit readjustment agreement to improve the quality of employees' lives.

Among the various benefits we offer to our employees, we highlight the day-care allowance, food/meal vouchers, transport vouchers, subsistence allowances, anticipation of the thirteenth salary, expansion of maternity and paternity leaves, compensation for instructors, Christmas kit and possibility of vacation split. Apprentices receive transport vouchers and a Christmas kit while trainees receive food stamps, transport vouchers and a Christmas kit.

We also guarantee to our employees some rights not covered in CLT (Consolidation of Labor Laws) or any specific law, which depends on collective negotiation with union mediation. Regardless of their nature, all benefits granted seek to motivate employees and improve their quality of life.

We value the continuous improvement of the work environment, with the objective of being not only a company in which employees remain due to the relative stability offered but, mainly, for being a welcoming, healthy, dynamic and motivating environment to work in.

PERSONAL DEVELOPMENT AND KNOWLEDGE MANAGEMENT

GRI 404-2

The training and development of employees is an essential factor in monitoring of technological advances and continuous improvements in processes, contemplating corporate training with transversal themes and pertinence to all employees, specific courses according to the area of operation, in addition to the education incentive that was implemented in 2021, having a direct impact on the improvement of employees in the processes they operate and for society, providing services of higher quality. Our objective with corporate training and education is to promote knowledge and continuous improvement of intellectual capital in various operating processes, in addition to seeking innovation for continuous improvement, aligned with the company's values, guidelines and regulations, by encouraging participation in training programs, distance training, lectures.

The training and development of employees is carried out in the following modalities:

Internal Training – conducted with instructors, Company employees, who have the necessary knowledge and didactics for the transfer of knowledge, as an example: Continued Commercial Training Program, Development of Operational Processes Water, Sewage and Laboratory, Project Quality in the Provision of Services by SGM Water and Sewage Networks and Branches. In addition to other specific topics, such as: work safety, planning, environment, people management, telework, innovation, courses in technical and administrative areas.

External training – carried out through the hiring of in-company courses, that is, exclusive courses for our public, or course vacancies made available by specific entities, such as: participation in Congresses. Examples of this are the 32nd National Sanitation and Environment Congress, 14th Seminar National Solid Waste, Training in agile methodologies, II Seminar International Conference on Water Loss Management and Energy Efficiency, 2nd National Seminar of State-Owned Companies, Activated Sludges MBR and MBBR, XXII Paraná Congress of Administrative Law, among others.

Incentive to Education – lato sensu or stricto sensu postgraduate courses with a subsidy of 70% of the monthly fees, in the in person, distant learning or blended modalities, of strategic interest to the company and correlation with position/career and activities developed in employee's area of activity or activities of corporate interest.

Distance Learning Training – Availability of a Distance Education platform, with several customized themes aiming at the constant training of employees, webinars, in addition to catalog courses in various areas of knowledge, such as: Leadership, Planning, Occupational Health and Safety, Innovation, Relationship, Finance, Communication, Quality of life, Personal and Professional Development, Information Technology (IT).

Throughout 2021, via Personnel Management Department (GGPS), we promoted improvements in the professional development process. This advances came as an answer to demands for more development opportunities in the Company. This year, more than 244,863 opportunities for courses and training were offered, with approximately 891,204 thousand hours performed, most of them in the distance modality, corresponding to the average of 143 hours of training per employee.

In 2021, we approved the budget of BRL 4,679,319.10 for development training. This amount covers all expenses for carrying out training and the provision of specialized corporate education services with Distance Learning, with the availability of a platform, new courses customization, in addition to a webinar tool.

We continually invest in personal and professional development programs understanding that maintaining excellent services and care requires a qualified working body, up-to-date with trends in the corporate universe and with technological advances. With Covid-19 pandemic limitations, which restricted in person training, the use of technology and Distance Education was fundamental.

The Personnel Development process is evaluated by ISO 9001:2015 standards, through internal and external audit, corporate indicators strategic plans, carrying

out action plans, constant critical analyses, in addition to periodic monitoring of actions taken, reports and feedback from management and employees, seeking continuous improvement in the process. In 2021, we carried out the mapping of the Personnel Development process, elaboration of flows, conducting interviews and analyses. Which resulted in numerous actions to be implemented in 2022, seeking continuous improvement of the process.



ETE Verde Ponta Grossa – Photographer: Brunno Covello

The assessment mechanisms to monitor the effectiveness of management method are:

- **EXTERNAL AUDIT ISO 9001:2015** – annually carried out internal and external certification audit, in which the area of People Management acts as a middle process, being audited sub-processes: training, employees satisfaction survey, performance evaluation and work safety;
- **MANAGEMENT INDICATORS** – Workforce Training Index; Compliance to the Training Plan Index; Employee Satisfaction Index;
- **PERIODIC MONITORING OF THE PROCESS THROUGH REPORTS AND ACTION PLANS.**

It is worth mentioning that the audits carried out in the people management process in 2021 had a positive result, with zero non-compliance being detected.

In 2021, the indicator of Compliance with the Training and Development Plan was implemented, with a target of 70%, which resulted in 102.72% of completion of training hours planned for employees during the year. Also noteworthy is the Annual Workforce Training Index, which exceeded the target of 90%, reaching 98.90% of employees with at least 20 training hours in the year, and the Employee Satisfaction Index that had the result of 75.01% of employee satisfaction reaching the target of 75.00% of satisfaction. These indicators have a direct impact on the evaluation of the Plan of Positions, Career and Remuneration (PCCR) and have a direct influence on the results of the Profit Sharing Program (PPR).

In 2021, the Leadership Development Program was launched, in the form of staggered matrices during the year, with the objective of qualifying and developing managers, coordinators and supervisors for the exercise of their functions as managers of people, processes and businesses, providing their personal and professional growth, developing the necessary skills to communicate, negotiate and mobilize people, motivating and encouraging teamwork, seeking to improve the performance of their potential in their functions. To the governance agents, we also provide a course on Governance, with IBGC – Brazilian Institute of Corporate Governance.

A corporate training matrix was also implemented for all Company employees, and matrices of specific functions for employees in the commercial, maintenance, water, sewage, industrial, work safety, in addition to punctual courses planned by management. The availability of training in mandatory matrices aims to mitigate risks that may occur, in addition to having a positive impact on the employee development. The training matrices encompass the following courses:

CORPORATE MATRIX – courses for all employees of the Company: Code of Conduct and Integrity, General Data Protection Law -LGPD, 3 courses that are part of the Thinking and Acting with Integrity Trail;

FUNCTION MATRIX – specific courses for the performance of the function, such as: Maintenance of water and sewage networks and branches, water supply system, sanitary sewage system, customer relationship;

SESMT MATRIX – courses related to work safety, such as: NR33 -Work in Confined Space, NR35 - Work Safety in Height, NR10 –Electricity Safety.

With the implementation of mandatory training matrices and the use of an online training platform, the following courses stand out with the greatest number of participants: Integrity Code of Conduct, with 6,511 certificates issued, as the course was updated and some employees performed both versions; Thinking and Acting with Integrity Trail – course 1: Governance, Risks and Control, with 4,555 participants; Think and Act with Integrity – course 2: Code of Conduct and Integrity, with 4,708 participants; Thinking and Acting with Integrity Trail – course 3: Training, Management of Consequence and Monitoring, with 5,437 participations; General Data Protection Law with 5,673 participations; Law 13303/2016: Contract Management, with 4,309 participations.

Online courses and webinars

Experiencing the reality of the Covid-19 pandemic, to maintain the training of our employees was to bet on the already existing Distance Education (EaD) platform. A new resource was developed, enabling the realization of lectures, technical demonstrations and live training in webinar format. Combining the web concept (network, internet) + seminar, the webinar is a genuine distance education and corporate communication resource that enables presentations, lectures, meetings and real-time synchronous training. The platform also allows you to share content, such as slideshows, manuals, videos and any other resource to make the experience even more collaborative and interactive. Even though it did not come about in an ideal and planned way, the revolution of these online resources due to the pandemic and the need for social distancing provided an opportunity for improvement, both from a technological point of view and from a management perspective, helping to rethink and adapt our processes.

Through the EaD platform, it was possible to carry out various training courses, such as:

IN THE ENVIRONMENTAL AREA – SDGs; Sanitation, Environmental Compliance and Sanitary Sewage; Innovation at Sanepar; Se Ligue nessa Ideia: Sem Óleo na Rede - “Join this Idea: No Oil in the Sewer Net”: Sustainable Use of Oil; Vegetation Coverage in Combating Climate Change; Maintenance of Vetoes in the New Sanitation Law; Five Water Resources Management Tools.

IN THE AREA OF PEOPLE MANAGEMENT, HEALTH AND WORK SAFETY – Plan of Positions, Career and Remuneration; Sipat, PPE, Ergonomics in Home Office: tips for comfort and health; Security Integration for Water and Sewage Maintenance Teams; Program ComVida (resilience to re-signify life); The Art of Human Relations: Care of Self and Care of Other; Let’s talk about Mental Health: Anxiety and Depression in Times of Coronavirus; Practice of Meditation and Breathing: a Moment of Self-knowledge; Practice of Meditation and Breathing II: recognizing emotions; How

to Manage My Emotional Hunger; What Can You Learn in Diversity? Being a Woman Is Not Pink; The reality of the Maria da Penha Law in everyday life; There are so many emotions... How to deal with them?; “Cuca Legal”: Work and Health; Blue November: Men, Let’s Take Care of health?; Solidarity: Welfare is Collective.

IN THE TECHNICAL AND ADMINISTRATIVE AREA – Economic-Financial Rebalancing; Losses; Fleet System; Process Flowchart with Bizagi Tool; Supervision of constructions; Digital E-protocol; Seminar on Good Operational Practices in the Sewage Process; Contract Management and Integrity Program for Suppliers and Business Partners; Follow project; Bank of Ideas and Practices – BIP; Search for Financial Balance in Pandemic Times; SCTWEB – Budget Planning; SISWEB – Launch of Operational Data and Strategic Management; Direct Hiring for Waiver, Unenforceability and Inapplicability of Bidding; Strategic planning; Integrity Week.

In addition, new courses were customized to increase our collection of distance education training, such as: Updating the Knowing Sanepar course; Related Party course; Economic-Financial Rebalancing; Law 13.303/2016 - RILC course; Law 13.303/2016 - Direct Hiring course; Law 13.303/2015 - Contract management course; SIEGS; Equity; Effluent Management; Environmental Legislation; Update of the Code of Conduct and Integrity; Contract management from SGM, MOS Applied to SGM; Materials Management of the SGM.

Specialization in Sanitation

In partnership with the State University of Northern Paraná (UENP) and with the Secretary of State for Science and Technology and Higher Education (SETI), we subsidize a Specialization in Environmental Sanitation for employees. From a selection process of 947 applicants, two and a half years after the start, 282 applicants completed the course in 2020. In 2021, the 30 best final papers were selected by a multidisciplinary team, composed by Sanepar and UENP specialists, to be published

into two volumes of the corporate environmental sanitation book. The subjects that integrated the Specialization Course in Environmental Sanitation were transformed into online courses open to all employees on the Company EaD platform.

Incentive to Education - Postgraduation

Another structured initiative launched in 2021 was the Incentive Program for Education, aimed at promoting professional development through postgraduation programs. The program provides for subsidies of 70% of the monthly fees for lato sensu and stricto sensu in person, distance or blended courses, after administrative approval, following criteria set out in internal regulations. Requests are analyzed by the People Management Department (GGPS), as they must be of strategic interest to the company and have a correlation with the position/career and activities developed in the employee's area of activity or activities of corporate interest.

Gamification

As a way to optimize and update learning in the face of new technologies, the development of the first game at Sanepar got started, with a kick off scheduled for the first half of 2022. The initiative aims to encourage learning through playful activities, combining entertainment and people development strategy.

Performance Assessment and Career Planning

GRI 404-3

The Positions, Careers and Remuneration Plan (PCCR) is one of the tools used by the Company to retain talent. The process considers three major aspects: institutional indicators, management contribution to results and technical and behavioral skills of each employee. In 2021, 100% of eligible employees were evaluated. With the change in weights of the dimensions evaluated in 2020, the individual result became

the dimension with the greatest influence, corresponding to 50% of the evaluation, followed by institutional and sectoral dimensions. This means that the most influential score in the individual result corresponds to the employee's own performance.

In addition to financial gains incorporated into the salary, the New PCCR also had a positive impact on important corporate factors. It provoked a greater commitment in relation to the internal norms and routines of people management, especially strengthening our Disciplinary Regulations and demanding a new standard of evaluator responsibility regarding deadlines and evaluation criteria.

After carrying out the first evaluation cycle under the new methodology, suggestions from saneparians themselves and from representative union entities of employees, several improvements were implemented to be applied in the evaluation cycle for the year 2021.

It is worth to mention the new ways of scoring in the subject: competence - search for knowledge by self initiative, participation in working groups, commissions and committees and a supplementary score for those who have recognition registered in their functional records.

More than evaluating, recognizing and remunerating, the PCCR has the mission and responsibility of monitoring the performance of activities and processes, aligning people and Company's needs. The change in scenario is inevitable and we are committed to adapting to the best market practices to overcome the pandemic, and the sanitation sector crisis and ensure its sustainability. The evolution of the PCCR is a fundamental part of this process.

EMPLOYEES' MOTIVATION AND SATISFACTION

The degree of satisfaction and well-being of employees is periodically evaluated through the Human and Organizational Development Survey "Fale Francamente" (Speak Frankly), which in 2021 underwent important transformations, to align the metric of the study to the Reference Guide for Performance Measurement (GRMD), of the Brazilian Association of Sanitary and Environmental Engineering, and certification of the Best Companies to work, promoted by the institution Great Place to Work (GPTW).

In 2021, around 76% of employees participated, which corresponds to 4,970 people – exceeding the expectation of 70%. The satisfaction result precisely reached the target of 75%. Among the topics, employees highlighted measures to face the new coronavirus in corporate environment: 79.6% satisfaction. Especially the flow of information about preventive measures and the feeling of stability and security in working at the Company during the period of pandemic reached, respectively, 83% and 82% satisfaction.

Based on tabulated results, managements received feedback of their departments evaluations and started to preparing Action Plans for improvements in the work environment related to topics that scored less than 75% of satisfaction, ensuring performance monitoring in search for continuous improvement of the organizational environment.

EXTERNAL ALIGNMENT

Even before the company's official internal climate survey, we responded to an invitation to participate for the first time in the Humanized Companies Survey. This is a study developed in partnership with the University of São Paulo (USP) that aims to identify both internally and externally the degree of humanization in important national companies.

Even though our participation was embryonic and still with the intention of diagnosis, we accepted the challenge of looking at humanization practices having as peers players of much larger proportions than ours, of different segments of the private sector, already widely recognized for their humanization and people management. The study was carried out between November and December 2020 and the result was presented in the second quarter of 2021. More than a thousand questionnaires were answered by different stakeholders, opening the path to necessary reflections for the application of "Speak Frankly" and practices of Human Resources by us. Although timid, the unprecedented participation has already generated fruits. Awakened in us the desire to invest in the evolution of our Awareness Rating, inspiring and supporting the development of plans, programs and internal projects focused on humanization.

A second step taken in this direction was the participation, in July 2021, in one of the world references in corporate evaluation: the Great Place to Work (GPTW). Known in Brazil as the "Melhores Empresas para se Trabalhar", the study seeks to map the perception of workers about organizational atmosphere and cultural practices of the institution in which they work based on five pillars: Credibility, Respect, Impartiality, Pride and Comradeship.

The highlight pointed out in the GPTW was the level of general Pride and Satisfaction in working in the company. Our performance on the question "How do people feel about working at Sanepar" scored 76. The Pride pillar was the element that scored 72.

The results of such experiences have already triggered improvements in internal programs and the proposition of new initiatives, linked to demands already prioritized by us in our risk analysis, Strategic Planning and Management Agreements.

HEALTH AND SAFETY

Paying attention to the safety and health of employees is essential in order to guarantee our people's integrity and enable continuous improvements in results. We follow the Consolidation of Labor Laws - CLT, which dictates that companies have an obligation to invest in specialized practices in safety and labour medicine. In view of the relevance of the topic, we assumed a commitment, expressed in our People Management Policy, to provide a healthy and safe work environment, reflecting directly on the improvement of the quality of life of workers and, by extension, their families members.

We currently have a Security Engineering and Occupational Medicine Specialized Service – SESMT, which complies with the Regulatory Standards of the Ministry of Labour NR-04, composed of safety engineers, safety technicians, medical doctors, nurses, nursing technicians and psychologist. SESMT contributed to ensuring the proper functioning of the Internal Occupational Accident Prevention Commissions - CIPAS, which are responsible for defining procedures and actions to prevent accidents, work-related illnesses and interpersonal relationships related to daily life.

In 2021, 61 CIPAS operated across the state, formed by more than 500 employees, with the responsibility of promoting meetings with the management, elaboration of risk maps, investigations of accidents with the workplace safety department, plans for mitigating risks, among other actions.

Outstanding actions within the scope of Occupational Health and Safety in 2021:

- Internal Workplace Accident Prevention Week (Sipat) fully online, that offered 10 subjects on the theme, totaling 27,040 thousand training hours.
- Online and recorded lectures/webinars to enable participation of employees in other moments, such as: Sipat, lectures on topics related to Pink October Breast Cancer Prevention, Blue November Prostate Cancer Prevention, February Against Cancer, Lilac August (awareness and fight against violence against women) and Yellow September (suicide prevention).

- Training of CIPA members with distance training developed internally, with a load of 16 hours, complemented by another 4 hours delivered by safety technicians at work in virtual rooms, totaling 20 training hours.
- Offering training opportunities focused on the health and safety of employees (NR 33, NR 35, NR 10, chlorine gas, quality of life, ergonomics, among others), totaling approximately 27,166 thousand hours of training
- Convocation and dissemination of the annual influenza vaccination campaign H1N1, reaching 4,452 employees in 2021.
- PASO – Socio-Occupational Adaptation Program was reformulated to provide agility in the process, allowing faster and more effective communication between interested areas and occupational health.

Specific medical examinations were also carried out in accordance with the Medical Control of Occupational Health Program – PCMSO. These examinations being the periodical exams, function change exams (current Occupational Risk Change), dismissal exams, return to work exams and occupational risks identified in the Environmental Risks Prevention Program (PPRA).

We make available to all our employees and their dependents the Health Plan called SaneSaúde and a Private Pension Plan called Fusanprev, benefits administered in partnership with Sanepar Foundations. Through this partnership, employees also have access to important programs, such as Viva Mais - "Live More", Respire - "Breathe", Cuide Bem de Você - "Take Good Care of Yourself", Mãe Sanepariana - "Saneparian Mother", People with Disabilities (PPCD), medication allowance and continuous use medication allowance.

Finally, all these initiatives demonstrate the Company's care for people's health and lives, promoting safety in the work environment, as well as, in their personal routines, motivating health care and prevention to employees and family members.

ABSENTEEISM, LIABILITY AND WORK ACCIDENTS

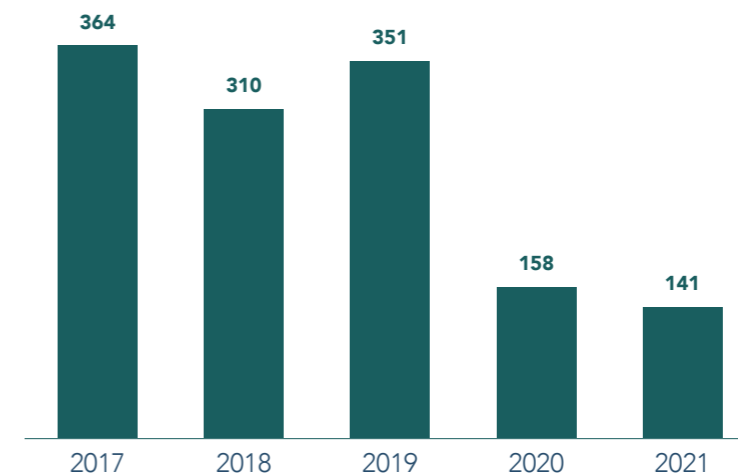
We are committed to our employees, valuing each work performed, recognizing the unique value that each one has for the good corporate performance. We also operate in the establishment of goals and promotions, aiming at professionals who are recognized for their performance and are more engaged with the company, as we understand that there are several factors that can lead employees to be absent from their jobs, either for reasons of physical or psychological health or for lack of motivation.

As for work-related accidents, we have sought to minimize and combat it's rates every day, in an appropriate and preventive manner in relation to the work environment. In between measures adopted, we offer training, and safety inspections, provide collective and individual protection equipment and improved work procedures – actions developed to create a solid safety culture.

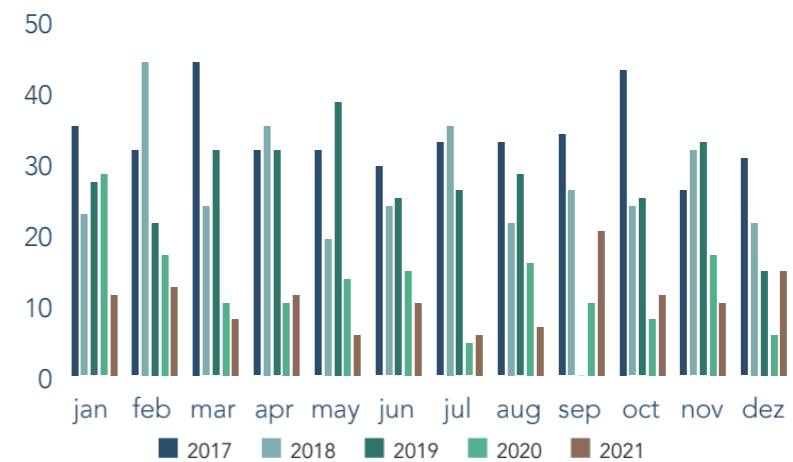
In search of an increasingly suitable work environment, we take into account the importance of leadership that meets health standards and workplace safety. Leaders must ensure the adoption of measures that generate satisfactory results, not allowing their professionals to be exposed to unnecessary risks.

Our commitment is to invest in health and safety practices of workers and the accomplishment of an efficient management, with professionals trained to monitor actions aimed at corporate security, aimed mainly at caring for employees, thus avoiding the development of occupational diseases and accidents, unmotivated professionals, court proceedings, being beneficial to both parties.

NUMBER OF WORK ACCIDENTS X YEAR



NUMBER OF WORK ACCIDENTS X YEAR (Month to month)



PEOPLE MANAGEMENT POLICY

In 2021, we launched our People Management Policy. Approved by the Board of Directors, is the guiding document for all processes aimed at employees. It brings together principles and guidelines to promote a safe, healthy, inspiring and innovative work environment, valuing opportunity equality, respect for plurality and diversity.

Much more than a formalization, the Policy is the result of extensive research, benchmarking, discussions and suggestions from the entire team at People Management Department (GGPS). It aligns the best market references with the know-how of GGPS professionals and our organizational culture.

In addition to meet an important internal demand, which complies with the requirements of Law 13,303/16 and the Company's Bylaws, the Policy also contributed to the implementation of ESG (Environmental, Social and Governance) practices in the Company and to the structuring of the new Diversity, Equity and Inclusion Committee.

INTERNAL CAMPAIGNS

Even with the restrictions imposed by the Covid-19 pandemic, we continued with social mobilization and internal awareness campaigns. Amongst them:

- Cancer Campaign – fundraising (with payroll discount) for registered cancer prevention and combat institutions. In 2021, it was collected more than BRL 8 thousand for this purpose.
- Warm Clothing Campaign – carried out in all regional management offices, raising more than 2,500 pieces of clothing, and voluntary money donations (payroll discount) for the purchase of 683 blankets distributed at the beginning of winter.
- Cesta Solidária – Money Collection (with payroll discount) for the purchase of non perishable goods for families who are in an emergency and socially vulnerable situation. This campaign was carried out during Easter time and collected more than 22.8 tons of food.

- Paraná Piá Campaign – On the occasion of Children's Day, toys were collected for children from socially vulnerable communities throughout the state of Paraná. More than 1,000 toys donated by employees were delivered to Palácio Iguazu, in Curitiba, where the collection was concentrated. In addition to the money collection (with payroll discount) that allowed for the acquisition of more than 450 toys.
- Natal Solidário – Adapting to the restrictions imposed by the pandemic and due to social distancing, in 2021 "Christmas Solidarity" invited a financial contribution to make Christmas for children from vulnerable communities. Contributions gathered from payroll deductions were passed on to Employee Associations for the acquisition and destination of toys.
- Papai Noel dos Correios – In addition to the financial contribution to "Christmas Solidarity", employees located in Curitiba and its Metropolitan Region also had the option of adopting the traditional Santa Claus letters from the Post Office, a practice incorporated 11 years ago by the Saneparian family, to gift children enrolled in local public school system. In 2021, approximately 300 letters were benefited.
- Project "Ajude a Ajudar" (Help to Help) – Project for the continuous collection of plastic caps, milk boxes, seals and socks that were destined for cooperatives of recycling services that serve families in social vulnerability. More than 100 kg of items were collected for recycling and the seals will be directed to purchase wheelchairs through the Sanepar Corporate Rotary Club.

In addition to these purposes of collecting donations and material resources, internal awareness campaigns were also carried out with employees, such as: March = Women's Month, Lilac August = Fight against violence against women, Yellow September = Suicide Prevention, Pink October = Care for Women with breast cancer, and Blue November = Care for men with prostate cancer.

ACTIONS

PPR (PSP) – The Profit Sharing Program, which is based on our strategic indicators, established in planning cycles, is also signed via Collective Agreement with unions, seeking to strengthen this important resource for motivating and recognizing workers efforts in search for best results.

NEW BENEFITS – In addition to salary readjustment, by National Consumer Price Index - INPC, the 2021 salary agreement also covered leave for family medical care, paid leave in cases of domestic violence, the extension of leave due to the death of a relative and the reduction of hours for employees who are parents of people with disabilities.

HOME OFFICE – With the expectation of contributing to the balance between work and personal lives of employees, at the end of 2021 we approved and implemented the home office at the Company, which, through an Addendum to Collective Bargaining Agreement, establishes clear and transparent rules, including the option to work predominantly outside the Company's premises, provided that it has internet access.

This new modality generates gains for both the employee and the company, because it provides greater interaction with the family, reduced stress about displacement (consequently improved quality and productivity), reduced absenteeism, and less exposure to violence and accidents during commute. In addition to being a great instrument to promote health and well-being to people with disabilities.

For example, employees who joined telework received a notebook and a monthly allowance to help with internet and energy expenses, in addition to having the right to request an ergonomic chair. For us, it is evident employee satisfaction and commitment, being able to optimize their physical spaces and work environments.

HR ALLOCATION METHOD – We are currently developing a Human Resources allocation method according to behavioral profiling using DISC method.

FIGHTING THE COVID-19 PANDEMIC

Aware of the development of new coronavirus pandemic, we take preventive measures in line with the recommendations of the Ministry of Health and State Government. We took care of our team throughout the year 2021, continuing the careful management of the pandemic in the corporate environment.

We have been pointed out as an example and consulted as reference in the fight against the pandemic by other institutions. We believe that all the zeal on the subject contributed to mitigating contagion among our employees, our main weapon in this fight is fast, clear and accessible communication for all levels of the Company. We credit the engagement and commitment to the necessary care, from our employees, to this fluid communication, always present in the company's routines, from the first pandemic days.

And to keep staff safe while continuing to provide Sanepar services to the population, most of the actions initiated in 2020 were maintained as a strategy to subsidize the Board in rapid decision-making, such as: the publication of circular guidance; case monitoring map; full RT-PCR testing subsidy for all employees; sanitization procedures; whistleblowing channel to report inappropriate behavior regarding preventive measures; between others.

The Covid-19 Special Commission formed by resolution, composed of occupational health and safety department, psychology professionals, social assistants and communication, continued to monitor the pandemic situation in the company, holding periodic meetings for definitions of immediate implementation, response to demands from external bodies and, at the same time, act in proposals and recommendations for contingency plan.

Still, among its attributions is the monitoring of legal measures defined by the governments in all instances (Federal, State and Municipal) and the corresponding adaptation of corporate guidelines that, after being defined by the Board of Directors, are disseminated throughout the Company. Internal communications and reports

relating to Covid-19 are periodically released in order to update the staff on such measures (via email, SMS texts, fixed content and Intranet news).

The Covid-19 Special Commission led an entire monitoring program of the pandemic, developing the Contingency Plan, gathering information for risk management and establishing a Protocol of Conduct of internal measures to be adopted, preventively and correctively, in a standardised way, by the areas involved in contamination situations, prioritizing employees safety.

Among the guidelines, the following stand out: conduct protocol for suspected cases, Testing Protocol and Sanitization Protocol. All content is available online on the Intranet platform. The test subsidy policy for the early detection of Covid-19 has been extended, starting to contemplate, in addition to the RT-PCR test, the Antigen test for coronavirus, covering procedure for active employees who had symptoms or direct contact with infected people.

Through the distance learning platform, online courses and webinars were made available related to the pandemic. Among them, the webinar "Awareness on the vaccine against Covid-19" and the implementation of the "ComVida" program, well-being and quality of life program, seeking to strengthen the individual emotionally and psychologically in the face of exhaustion, fatigue, stress and anxiety.

This brings a permanent agenda of biweekly activities, with debates and reflections to stimulate physical and emotional balance. Also in the virtual environment, a module was developed, in partnership with the Information Technology Management, for registering proof of vaccination against Covid-19 in the corporate Occupational Health system, for monitoring the health of employees.

SUPPLIERS

GRI 102-9

Our sustainability is not limited to the Company's direct operations, suffering great influence from the performance of our suppliers and business partners, with significant impacts on our supply chain. We believe that the relationship with our suppliers must be based on sustainability aspects, which is a decisive factor. Therefore, we seek to relate with suppliers who are ethically responsible, and whose activities minimize social and environmental impacts. The demand for more conscious models and sustainability, expressed by our Stakeholders, reflects directly on the Company's acquisitions. It is not enough for our suppliers to offer us quality products at the lowest market price. Our customer's expectation is that our acquisitions have some positive social impact.

Our Strategic Supply Chain Management consists of several processes management and integration of the elements that make up our supply chain. We establish criteria for the analysis of various processes, including: procurement, selection and qualification of suppliers, contract management, supply chain logistics, performance evaluation and supplier development.

These criteria are related to our socio-environmental, economic, quality and compliance principles and aim to reflect our Purpose, Mission, Vision and Values to suppliers and business partners, so that they internalize our principles and adopt practices that contribute to a more sustainable business and to a more just and inclusive society.

Our supply chain consisted of 10,678 business partners in 2021. This group is divided into material suppliers, which supply chemicals for water and sewage treatment,, materials for expansion and maintenance of water and sewage networks (pipes and connections), laboratory materials and administrative materials, and service providers, such as engineering construction works, services expansion and water and sewage network maintenance, IT services and administrative services such as security and surveillance, cleaning and conservation. All suppliers are national. Our supply chain is essentially composed of suppliers of products such as pipes and connectors, electricity, chemicals, engineering, IT and administrative services.

MAIN PAYMENTS OF 2021 GROUPED BY CATEGORY:

Main Categories/ types of suppliers	N° of suppliers in 2021	Amounts paid in 2021 (R\$)	(%) of the Total
Technical Services in Engineering Construction Work	1.490	1.102.004.037,76	24,11
Electricity	15	535.113.246,32	11,71
Chemicals for water and sewage treatment	42	137.488.461,71	3,01
Technological Information Services and Telecommunications	49	41.915.732,18	0,92
Others	9.082	2.754.152.600,61	60,26
Total	10.678	4.570.674.078,58	100

Bidding Processes

As Federal Law 13.303/2016 allows each company to define its own bidding rules, Sanepar Bidding and Contracts Internal Regulation (RILC), in May 2017, available on the Company's website. The document, together with the aforementioned law, gives legal support to the procedures carried out to contracting suppliers. The law, however, governs the bidding procedures, setting the dispute modes as open or closed. In open dispute mode, bidders submit their bids in writing or electronically

in public session and, subsequently, they offer successive, increasing or decreasing bids, according to the judgment criterion adopted.

For materials and common administrative services procurement, Sanepar operates electronic auctions. In closed dispute mode, written (closed envelopes) or electronic proposals submitted by bidders are confidential until the date and time designated for the opening of the public session, with no bidding phase, but with the price negotiation with the most advantageous proposal for the Company, pursuant to Art. 89 of the RILC. In this type of dispute, Sanepar uses a modality similar to the National competition proposed in Law 8.666/1993, with close envelopes presentation during in person public sessions for contracting engineering services.

Law 13,303/2016 also provides that the disclosure of contract estimated value in the bidding document or in another formal act is the public company's choice. This amount is confidential, but may be disclosed at the company's discretion. The measure encourages the preparation of independent budgets by potentially interested organizations and tends to reduce the contractual risks.

Bids and signed contracts are intended to ensure the selection of the most advantageous proposal for Sanepar, observing principles of impersonality, morality, equality, publicity, efficiency, administrative probity, economy, sustainable national development, binding to the call instrument, obtaining competitiveness and objective judgment, according to Art. 2 of the RILC. In bidding documents, in line with internal regulation and to comply with contractual requirements, Sanepar establishes contractors obligations, with possible sanctions in case of non-compliance and also, which conducts are considered objectionable under the RILC and Sanepar's Code of Conduct and Integrity.



Work at the Operational Control Center - CCO - Curitiba –Photographer: André Thiago Chaves Aguiar

Code of Conduct

To ensure a bond and actions based on ethics and transparency, in 2019 we implemented the Code of Conduct for Suppliers and Business Partners, with guidelines on ethical conduct in trading relations and in the relationships of these companies with other of Company Stakeholders. Such code applies to all suppliers, service providers and other business partners that maintain a relationship with us or act directly between the Company and its customers. Not all possible situations are treated specifically, but the document presents the model of behavior we expect. More information is available in the Suppliers section of the website.

Monitoring and Evaluation

Monitoring and evaluating the performance of product or service suppliers are performed by contract management areas, through measurement, inspection and criteria defined in our Normative System, notices and terms of contract.

The assessment of service providers of the Maintenance Management System (SGM) and the Sewage Maintenance System (SME) are carried out following specific internal regulations. Compliance parameters of these services are verified daily and, at the end of each month, a performance evaluation is generated. In 2019, the Supply and Logistics Quality Control area was restructured, especially in inspection activities, materials catalogation and manufacturers qualification. In order to improve management efficiency, two processes were implemented: the single material control, which includes procedures/improvements, and ensures more practicality, safety and reliability for managers and for the business in the processes of procurement, storing, distributing and transferring; and the Local Consumption Indicator (ICL), which provides the stocks optimization, with shipment and purchase of materials according to demand and informed via system, providing more assertive purchases.

Suppliers Registration

We maintain a suppliers registration, which is not mandatory. Comprised of companies that maintain a commercial relationship with the Company, this register enables these companies to participate in contracting processes, streamlining the qualification phase. Qualification is based on the analysis of tax certificates, articles of association and supply certificates. For materials technical qualification, suppliers must pre-qualify their brand with quality control.

In 2021, the suppliers network totaled 449 companies registered, being the majority of engineering works and service suppliers. BRL 4,570,674,078.58 were paid to suppliers this year.



Work ETE Belém - Photographer: André Thiago Chaves Aguiar

MANAGEMENT AND SOCIO-ENVIRONMENTAL RESPONSIBILITY



Orleans Quarry in Campo Magro – Photographer: Ana Carolina Pires Moreira

ACTIVITIES PREMISES

GRI 102-12

We subscribe to or endorse a variety of treaties and principles developed externally of an economic, environmental and social nature.

Since October 2016, we have joined the WEPs program, based on the UN booklet and the Women's Empowerment Principles, through the Sanepar Equity Program. Today the actions are concentrated in the Diversity, Equity and Inclusion Committee.

In November 2019, we formalized our adhesion to the Global Compact, an UN initiative that consists of 10 principles derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, from the Rio's Declaration on Environment and Development and the United Nations Convention Against corruption. Today it is the largest corporate sustainability initiative in the world, with around 14,000 members in 70 local networks spanning 160 countries. With the adhesion, we commit to follow these principles in the day to day of our operations.

THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

Principles:

Human Rights

1. Business should support and respect the protection of internationally proclaimed human rights; and
2. Make sure that they are not complicit in human rights abuses.

Labour

3. Businesses should uphold the freedom of association and effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labour;
5. The effective abolition of child labour; and
6. The elimination of discrimination in respect of employment and occupation

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

Against corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

In 2021, we also joined the Pact for Water and Energy Resilience. The Pact is one of the offshoots of the “CEO Roundtable Water and Energy Resilience”, an initiative of the Global Compact’s Rede Brasil Action for Water Platform, conceived by members of the Project Committee composed of Grupo Boticário Foundation, The Nature Conservancy Brasil and AEGEA Saneamento. We are sponsors of the Pact, we seek that reliable access to potable water, sanitation and clean and viable energy is a reality throughout the country and the water resources are managed in a sustainable way, promoting water and energy security.

PACT FOR WATER AND ENERGY RESILIENCE: CHALLENGES

Innovating in the operations that affect the watersheds we use in the short, medium and long term, addressing the following actions in strategic planning:

1. Work together promoting the development and implementation of strategies that increase water resilience, proposing concrete actions to sustainable self-management and water governance in the value chain as a whole;
2. Support initiatives and discussions that promote effective advancement and leverage of investments in basic sanitation and access to potable water for all Brazilian population and also for the implementation of water resources policies in Brazil;
3. Form strategic intersectoral partnerships to strengthen the protection and recovery of watersheds and improve the quality and quantity of available water;
4. Look for alternative solutions, based on investment in Nature Based Solutions (SbNs), as important allies in the use of natural ecosystems, supporting integrated management actions to water and soil in areas of contribution to reservoir, seeking to recover water storage capacity for multiple uses;

5. Seek alternative solutions, based on research, technology and innovation, to reduce consumption and impacts on water resources, promoting the development of long-term economic mechanisms in water resources management.

As a result of the Pact for Water and Energy Resilience, we joined the Movement + Water (MOV+WATER) on March 14, 2022. We publicly committed with the goals of i. 99% of people with access to safe drinking water by 2033; and of ii. 90% of sewage collected and treated by 2033.

In addition, we were already signatories of the 17 Sustainable Development Goals (SDGs), also promoted by the UN.

SOCIOECONOMIC COMPLIANCE

At first, our focus is on the main value chain macro-processes (water and sewage) and on the developments for social responsibility. We are hiring an external consultancy to assist in the evaluation of impacts of our main processes on society – it will be a 240-day contract. The objective of this study is to evaluate the positive and negative impacts of our operations and, based on this knowledge, avoid, mitigate or remedy negative impacts and enhance positive impacts. The components of the form of management are still under construction.



NON-COMPLIANCE WITH LAWS AND REGULATIONS

GRI 307-1, 419-1

In 2021, we spent R\$3.36 million on environmental and labour fines, as shown in the table below.

Fines in 2021:

CNPJ	CREDITOR	PAYMENT DATE	VALUE	OBJECT
03659166000102	IBAMA – Brazilian Institute of the Environment and Renewable Natural Resources	06/30/2021	76.625,57	Environmental fine - Environmental Protest AIA 528160
76282656000106	MARINGÁ CITY HALL	06/30/2021	17.732,70	Environmental fine - Tax Execution Notice of Infraction No. 5851 and 5850 of 2013
00020000047848	MINISTRY OF ECONOMY, FINANCE AND PLANNING	07/01/2021	171,82	Labor fine on FGTS
00020000040240	F G T S	08/11/2021	1.759,61	Fine in installments FGTS MP 927/2020
00020000047848	MINISTRY OF ECONOMY, FINANCE AND PLANNING	10/08/2021	2.592,85	Labor fine
00020000047848	MINISTRY OF ECONOMY, FINANCE AND PLANNING	10/08/2021	2.592,85	Labor fine
00020000047848	MINISTRY OF ECONOMY, FINANCE AND PLANNING	10/08/2021	865,52	Labor fine
00020000047848	MINISTRY OF ECONOMY, FINANCE AND PLANNING	10/08/2021	1.006,33	Labor fine
00020000047848	MINISTRY OF ECONOMY, FINANCE AND PLANNING	10/08/2021	603,80	Labor fine
00020000047848	MINISTRY OF ECONOMY, FINANCE AND PLANNING	10/25/2021	2.012,66	Labor fine
04321321000149	FEMA - STATE ENVIRONMENT FUND	11/18/2021	3.252.429,69	Payment of 26 AIA'S Notices of Environmental Infraction of the Instituto Água e Terra - IAT, through the conversion of Environmental Fine for indirect adhesion in services of improvement, recovery and quality of the environment.
00000002173522	DEPARTMENT OF FEDERAL ROAD POLICE - DRP	11/23/2021	4.049,00	Fine for transporting dangerous goods
TOTAL			3.362.442,40	

LOCAL COMMUNITIES

Local Communities Management involves the Sustainability Policy – first version approved on September 23, 2021, replacing the old environmental policy – the Quality Policy and the Sponsorship Policy. It also involves external entities spread through various regions of the state, with the representation of society being guaranteed through the participation of Basin Committees, Councils Municipalities, Residents' Associations, among others.

Corporate policies related to the topic of Local Communities are approved by the Board of Directors and carried out by the Executive Board. The main commitment of the Sustainability Policy regarding Local Communities is: "Implement and consolidate actions of social responsibility aimed at protecting, conserving and recovering the environment". By establishing this commitment, followed by the guideline: "Develop and align social responsibility projects with stakeholders needs and expectations, not forgetting the fulfillment of financial constraints (socio-environmental service in sanitation projects) and in socio-environmental actions aimed at protecting, conserving and recovering the environment, with an emphasis on water resources", there is a sample of our attitude regarding the topic of Local Communities.

Attention to the needs presented by Local Communities goes beyond compliance with legislation. They are inputs for prioritizing investment and resource allocation covered in our PPI, through the Fundo Azul Program. We also have ISO14001 certification, demonstrating our concern in managing the impacts generated in the communities where we operate. Within the scope of international standards, the relationship with Convention No. 169 of the International Organization for Labour (ILO), "Indigenous and Tribal Peoples", 1989; and the United Nations (UN), "Universal Declaration of Human Rights", 1948.



Delivery of Water Tanks in Superagüi - Photographer: André Thiago Chaves Aguiar

Programs and Projects

GRI 413-1

We have been developing social responsibility programs and projects since 1997. Over this time, several actions were structured, became programs and have gained scope beyond Curitiba and its Metropolitan Region. Through Culture and Sport Incentive Law, projects from all over the state are supported. Other Programs and Projects (Program for Revitalization of Urban Rivers; Environmental Education in Watershed Basins; Environment and Museum Education Program; Environmental Education in Schools; Education and Intervention in Environmental Sanitation Construction Work Program; Environmental Education in Solid Wastes; Se Ligue Nessa Ideia: Sem Óleo na Rede Project; Urban Art Project; Environmental Education Center, Museums and Memorials) are subsidized with funds from the environmental and social education department - GESA, and also educational infrastructure maintenance budget.

The following can also be mentioned: Mediated Visits – ETE, ETA; Training of Multipliers; Rural Sanitation; Caixa D'Água Boa; Sustainability: from School to River; Environmental Education Centers; Sanitation Museum; Memorial (Botuquara and Iguaçu); Se Ligue na Rede; Courses for Social and Environmental Agents; Plumbers Course; Management Group Meetings.

SE LIGUE NA REDE - "CONNECT TO THE NETWORK"

The "Connect to the Network" program was created to prevent river pollution through social and environmental actions. It is carried out in the hydrographic basins where we implement sanitary sewage systems. The program is inspired by the sustainability axis, which represents an innovative approach to making investments and aims to support the economic-financial and environmental viability of sanitation projects through a socio-environmental approach. The "Connect to the Network" program is implemented in all 346 municipalities operated by the Company. The work methodology, created and developed by us, to meet legal requirements of the financing bodies regarding socio-environmental performance in sanitation projects is a reference in working with local communities that demand an integrated project where the environmental, social and financial axis are considered and base the actions planned for each intervention site. An important step of the "Connect to the Network" Program is the concern with income generation in the community, for this, updating workshops are offered and also plumber training, which in addition to guaranteeing the correct interconnection to the collector network, through skilled labor, has the guiding social aspect for raising awareness, for the conservation of natural resources and the environment recovery in the communities that receive the sanitary sewage service. In 2021, projects that make up "Connect to the Network" in 50 municipalities in the state were started or continue to be executed, ensuring the participation of 48,142 people in the activities.

The "Connect to the Network" Program is managed by Ordinance 464 of the Ministry of Cities. This program is in line with our corporate guidelines and SDG 6, goal 6.3, which is committed to improving the quality of water in water bodies, reducing pollution, eliminating dumping, minimizing the release of untreated effluents and substantially increasing recycling and safe reuse.

CAIXA D'ÁGUA BOA - "GOOD WATER TANK"

The program, carried out in partnership with the Secretary of State for Justice, Family and Work (SEJUF), with the participation of municipalities, serves families from Paraná facing social vulnerability, through materials supply for the installation of water tanks in their homes. The project's goal for 2021 was to reach 1,800 families from 64 municipalities. Through the project, we acquired and made available a water tank and an installation kit for families in situation of social vulnerability. The Secretary of Justice, Family and Work offer a financial subsidy of BRL 1,000.00 to enable the installation and training on how to install the kit. The benefit to families was fundamental in this time of water crisis in Paraná and a pandemic, in which hygiene has been so necessary. The "Good Water Tank" project won the SDG award in the public sector area at the end of 2021. The initiative promoted annually is the recognition of Social Service and Industry Institution - SESI to industries, companies, public institutions, civil society organizations and educational institutions that work towards the Sustainable Development Goals in Paraná. In 2021, we invested R\$ 2.9 million in the Project.

DA ESCOLA AO RIO - "FROM SCHOOL TO RIVER"

In our Value Chain, we understand as strategic, among other requirements equally important, Socio-environmental Sustainability to reach the Universalization of environmental sanitation, ensuring that services are provided in a sustainable and innovative way, contributing to the economic and social development. We also understand as essential the responsibility shared to maintain water sustainability awareness among the company staff, public authorities, suppliers, investors, customers and the community. In this aspect, the Sustainability "From School to River" Project aims to strengthen, through continuous actions, performance

of schools in Paraná in approaching Basic Sanitation and conservation of water resources from the climate change perspective. The strategy consists of working with impacted educational institutions or in areas under the influence of our operational processes, such as a community around operational units, construction areas or spring basins. The delimitation of the scope of action in these areas occurs after the diagnosis of the area of intervention, in accordance with the company strategic demands and availability of resources.

RURAL SANITATION

The Sanepar Rural Program is a program for the implementation of drinking water supply system in rural communities of municipalities with a concession/program contract in force. The objective of the program is provide an improvement in the quality of life of the population residing in rural areas of the 346 municipalities served by the Company. From the moment we deliver the water system, residents start to enjoy properly treated drinking water for their daily consumption. For approximately 30 years, the Rural Sanitation Program has already taken treated water to more than 2,240 rural communities across the state, which means access to potable water for 110,000 homes. The estimated population served by these systems is 436,952 people. In 2021, we invested BRL 4.47 million in the program.

DE PORTAS ABERTAS PARA A COMUNIDADE - "OPEN DOORS TO THE COMMUNITY"

We have several education spaces for sustainability in the State, where visitors have contact with concepts and practices for the conservation of water resources. CEAM – Mananciais da Serra Environmental Education Center is located next to Piraquara Reservoirs I and II, in the Curitiba Metropolitan Area. Inserted in an Environmental Preservation Area (APA), next to the Iguaçu River Spring. The spaces are intended to promote educational activities for sustainability and form a new

environmental awareness, focused on the conservation and preservation of the environment, especially the care for water. Within this context, by opening the doors to the community, the objective is to develop a set of activities that sensitize, mobilize and promote reflection to internalize sustainable concepts and practices. Amidst Serra do Mar are also the remnants of Paraná's first supply system, the Carvalho Reservoir, from 1908. The place can be visited by the general public, but it is especially sought after by students and tourists who travel more than 7 km of trails in the middle of one of the most preserved areas of the Paraná's Atlantic Rain Forest. In 2021, the impact of the pandemic was still tampering with the project, even though, 1,140 people participated in the actions developed on site.

EDUCATION FOR CULTURE

In addition to the incentives and support for cultural projects carried out annually, we maintain cultural spaces intended to preserve the history of sanitation in Paraná. The Sanitation Museum's mission is to research, preserve and disseminate the memory of sanitation, promoting knowledge and reflection. The historical collection consists of more than 8 thousand items, covering the period from 1854 to the present day, and consists of equipment, objects, furniture, clothing, documents, transport vehicles, photographs, audiovisual materials, maps, blueprints and engineering projects that show the evolution of sanitation works showing a story that takes place under the feet of those who walk through the cities of Paraná. At the Iguaçu River Memorial, visitors can participate in sustainable actions from an historical, geographical and social perspective. The actions are aimed at students and community in general. The Memorial has a multimedia room and auditorium for 120 people, intended for training courses for the community, in addition to lectures and events on environmental themes. In 2021, 2,822 people participated in the actions developed in these locations.

VERÃO MAIOR - "BIGGER SUMMER"

Each year, during summer season, we develop special actions to improve service to the flow of vacationers who travel to the coast of Paraná, in partnership with State Government institutions. The actions seek to ensure continuous water supply and maintenance of hygiene and cleanliness conditions on the shore. Environmentally, we contribute to the cleaning of the beaches. During the season, every day, teams hired by the Company cover 48 kilometers of state shores for the removal of the waste left on the sand and debris brought in by the tides. This initiative is considered a reference in the country. where more than 744 tons of waste were taken from beaches in the 2021 season, an average daily rate of 10.95 tons. We also hire a team, in partnership with other municipal and government agencies, which distributed biodegradable bags to bathers, promoting awareness for co-responsibility with solid waste and waste reduction.

The Accessible Beach Project maintained its concern with accessibility on the beaches and it was one of our concerns in the development of educational actions. Through 190 m of accessible walkways and amphibious chairs at four points of the coast, people with reduced mobility were able to have more comfort and also enjoy a sea bath.

SE LIGUE NESSA IDEIA, SEM ÓLEO NA REDE

Program that encourages the reduction of oil consumption in food preparation and provides for the correct collection and disposal of used oil, so that Saneparians adopt correct, healthy and responsible socio-environmental practices. The collection of saturated oil prevents water pollution, clogging of networks collectors and reduces the formation of scum in sewage treatment plants. Created in 2016, initially for employees, the program was expanded with the installation of collection points in customer service offices and, in 2021, due to the Covid-19 pandemic, and the closing of customer service offices, we had to seek partnership with city halls in order to maintain a minimum number of collection points so that the collection could continue and thus achieve the objective of the project.

DEVELOPMENT OF SMALL RURAL PRODUCERS IN SPRING AREAS

Through our Technical Cooperation with Embrapa Florestas, a pilot monitoring project is being developed in the municipality of Piraraquara with native stingless bees around the Piraquara I Dam. In 2021, actions focused on managing existing bee colonies to increase the number of hives and carrying out an inventory of stingless bee species present in the region. The first phase of the project involved the participation of small rural producers living in the surroundings of the dam who are being encouraged to adopt meliponiculture as an alternative income and ecologically adequate activity in a protection and preservation area. One workshop for the production of bait nests was promoted and had the participation of small rural producers who were able to learn how to preserve beehives and understand a little more about the process of creating "bee pastures".

ENGAGEMENT OF STAKEHOLDERS IN SPRINGS MANAGEMENT

Currently, 19% of ETAs/ETEs in the State have implemented development programs and projects aimed at local community. In order to increase this number and to deal with impacts diagnosis, especially in Water Sources, in 2021, we formed a working group to evaluate our performance. This group carried out a survey of the difficulties in elaborating, articulating and developing actions in hydrographic basins territory. There was a lack of methodology to diagnose and prioritize local communities needs and those responsible for each action to be developed.

Striving for dialogue with the Stakeholders involved, the working group prepared a proposal on how to act to improve water quality, involving the main stakeholder (community). The proposal was based on participatory methodologies and in the development of socio-environmental intervention projects, seeking to guarantee the shared water resources management, meeting the needs identified by the community, and, in addition, promoting local development.

The program comprises six stages, namely:

- a) Prioritization of springs;**
- b) Formation of an External Socio-environmental Action Group;**
- c) Participatory socio-environmental diagnosis;**
- d) Validation of the intervention proposal in the territory;**
- e) Internal validation of the intervention proposal; and**
- f) Development of socio-environmental intervention projects.**

With the General Managers, 28 priority water sources were defined and a diagnosis was planned to be carried out in 2022 in rural and urban areas in watershed basins of all five Sanepar General Managements. Among the prioritized springs, 14 are part of the first contract for the Participatory Diagnostic, which was concluded on December 15th, 2021, covering approximately 18 municipalities. With the regional and municipal environmental councils, where there is a representation of the most relevant stakeholders with the local communities, socio-environmental action groups were formed in the prioritized watersheds to support and legitimize the development of education and socio-environmental intervention. Impact Management on communities is a proactive action to guarantee better quality water and the license to operate treatment plants (ETAs and ETEs), in addition to guaranteeing the flow rights granted. It also aims to fully comply with Sanepar's Water Safety Plan and SDGs 3, 6 and 12, which include improving the quality of water bodies, efficiency in water use and sustainable and efficient management of natural resources. Within the scope of SDG 3 (target 3.9), the focus is on reducing contaminants in the soil and water, working with direct and indirect impacts on water courses of the river basin.

Within the scope of SDG 6 (target 6.3), we seek to improve the quality of water in water bodies, reducing pollution, eliminating dumping and the proportion of untreated effluent discharges and substantially increase safe recycling and reuse; (target 6.4) increase the efficiency of water use and sustainable withdrawals in order to improve resilience; and (goal 6.b) ensure the participation of local communities, prioritizing social control and better management of water and sanitation, being a priority goal for the Company. Within the scope of SDG 12 (target 12.2), we seek sustainable management of natural resources.

We have as a limitation factor the difficulty in serving all local communities around our operating units; this non-attendance compromises SDG 6, prioritized by the Company, and target 6.1, which aims to achieve universal and equitable access to safe drinking water for all. We manage this topic, always striving for dialogue with all stakeholders involved, through participatory methodologies and the development of work projects that meet the needs identified, in addition, promote local development.

Actions related to social responsibility programs and projects, linked to the prioritized SDGs, are developed throughout the year, managed by GESA – Social and Environmental Education Management – with validation by the Company’s ESG Strategic Committee, covering all of Paraná. The practices mentioned are medium and long term and are part of a range of continuous actions carried out by the Company and that take into account federal legislation to encourage culture; National and State Environmental Education Policies as well. The incentives and Sponsorships are managed by the Deputy Board Of Communication And Marketing - DACMK.

Programs and projects are prioritized based on the policies to which they are related to whether Sponsorship or Sustainability and are always associated with one of our strategic indicators. Prioritization takes place within the Multiannual Investment Planning.

Regarding the variety of stakeholders, care is always taken to maintain representativeness in participation forums, and management groups, among others. This forums participation contributes to the strengthening of local communities and prioritizes social control in management, in accordance with SDG 6, goal 6.b. These programs and projects make up the Social and Environmental Development Index.

The Index is one of our Key Performance Indicators - KPI and is linked to the Program of Positions, Career and Remuneration - PPR. Its achievement, or not, impacts the entire Company in terms of annual performance evaluation. We had as a goal to reach 259,615 participations in socio-environmental actions by December 2021. This goal, accumulated month by month, is presented as follows:

January 18,539; February 37,522; March 57,971; April 78,488; May 99,149; June 120,923; July 144,205; August 167,487; September 191,769; October 215,051; November 239,333; and December 259,615.

In 2021, Sanepar supported the amount of BRL 5.6 million through tax incentives and invested in Programs and Projects another BRL 3.6 million that were directed to local communities, totaling BRL 9.2 million.

Once approved, projects become part of the Management Agreement with well defined action plans. Monitoring is carried out via spreadsheets sent by Estrategic Planing Department - GPE, which guide the reporting of results according to the Global Reporting Initiative - GRI Methodology. The results achieved are reported via SISWeb, and monitoring plans are pactuated with the Executive Board, aiming always to achieve the commitments of our Sustainability Policy.

Overall performance has been very satisfactory. The Social and Environmental Development Index was surpassed by more than 24%. Challenges that have arisen concern the development and realignment of projects, to be increasingly focused on stakeholders and local communities expectations, and the revisiting of objectives and goals, so that they are increasingly aligned with the SDGs and GRI methodology. We also learn from unsuccessful projects, such as the Checkpoint Project (smell in ETEs that impact local communities), which could not be extended beyond Curitiba Metropolitan Region.

We are in process of hiring a specialized consultancy to subsidize the revisitation of social responsibility processes, projects and programs, in order to further direct the results of our programs and projects to the SDGs and thus meet stakeholders expectations within operations scope, in addition to expanding engagement and development programs of local communities.

Programs and projects generate contracts that are audited and monitored by our internal audit structures and by the State Court of Auditors from Paraná.

The projects that are developed with financed resources also have their scope defined, and validated by the Financing Agency (CAIXA), which, in addition to the mentioned external verification structures, is configured by one more layer of external verification of projects aimed at local communities developed by the company.

All projects that involve local communities and that are carried out with resources financed by CAIXA undergo a monthly analysis and performance validation, thus, in addition to the execution as directed by the funding body, performance monitoring takes place through periodic evaluations.

We have been cited as a reference in social work because of our work with local communities during sanitation interventions in recent years. As an example, the Se Ligue na Rede Program was one of the finalists for the Caixa Best Practices Award in Local Management. GESA has been benchmarking inside and, mainly, outside the sanitation sector, in order to subsidize new practices and methods of managing projects together with local communities in sanitation works.

Impact Assessment

In the case of projects, such as the Miringuava Dam, we identify our environmental impacts through EIA/RIMA framework. Impacts on communities that are within construction work areas are identified and addressed. As an example, we can mention the Miringuava Socio-environmental Project:

MIRINGUAVA SOCIO-ENVIRONMENTAL PROJECT

In order to guarantee water security in the Miringuava Basin and comply with the licensing conditions for the construction of the reservoir dam, we have developed, since 2011, the Miringuava Socio-environmental Project, whose objective is to promote positive impacts on the quality of life for producers and rural residents who will be affected by the dam.

The Miringuava Dam is located in the municipality of São José dos Pinhais, Metropolitan Region of Curitiba – Paraná. This is the fifth artificial reservoir built in Curitiba Metropolitan Region for public supply operated by the Company. It will have a reserve capacity of 38 billion liters of water. The sustainability of the Miringuava Dam is closely related to the sustainability of the Miringuava Basin and its surroundings. Without the preservation and conservation of the territory's environmental aspects, all social aspects will suffer negative impacts, both in rural and urban areas, such as loss of agricultural productivity, reduced supply of treated water, municipality economic stagnation and even impoverishment, misery and hunger.

In this way, we prepared the Socio-territorial Development Plan that aims, among other actions, to implement the Sustainable Regional Vocations Program, in partnership with Invest Paraná, promoting the Value Chain in an estimated number of 60 families/properties, reaching an approximate number of 300 people, considering partners and other stakeholders.

A work plan, by Sanepar in cooperation with the Rural Development Institute, is also being developed, which aims to implement sustainable production systems, focusing on the transition from a conventional production mode to the SPDH – Direct Vegetable Planting System, specifically for rural producers in the Miringuava Basin. In partnership with Grupo Boticário Foundation, is being implemented in the Miringuava Basin the Viva Água Movement, with the objective of guaranteeing water security and climate change adaptation, with nature conservation actions and support for entrepreneurship with positive social and environmental impacts. As a result, we expect the soil to be conserved and less sediment thrown into the water. With the progress of the project, we also hope that the region will receive fewer pesticides and have more abundant and better quality water.

INDIRECT ECONOMIC IMPACTS

GRI 203-2

We recognize the extreme importance of measuring indirect economic impacts of our operations. This topic is dealt with in a multidisciplinary way, involving the Financial and Investor Relations Department - mainly through the Accounting Management in collaboration with the Independent Auditors, the Environment and Social Action Board and the Operational Board.

A study is currently being contracted to assess the direct and indirect, positive and negative impacts of Sanepar's main processes (water supply and sewage collection and treatment) in the communities in which it operates.

These studies will be compiled in a final report that will be accessible to the public via company's website and will guide the Integrated Planning in the sense of mitigating the negative impacts identified and enhancing the positive ones.

ENVIRONMENTAL COMPLIANCE

GRI 307

We understand that the search for excellence means ensuring sustainability in all our actions, with the commitment of employees and collaborators, suppliers and customers. Implementing sustainable practices aimed at meeting the needs of current generations, without compromising the possibility of meeting the needs of future generations. In this context, we consider environmental compliance as a premise for the organization's sustainability.

The objective of the Sustainability Policy is to establish guidelines to seek Environmental and Water Resources Sustainability, Social and Economic Responsibility in the company's activities.

SUSTAINABILITY POLICY COMMITMENTS:

Ensuring the sustainable use of water resources;

Continuously improve processes that interact with the environment and water resources;

Prevent and reduce environmental impacts through risk management;

Comply with environmental and water resources applicable legislation;

Integrate environmental and water resources objectives and goals into strategic and operational planning;

Implement and consolidate social responsibility actions aimed at protection, conservation and recovery of the environment;

Promote actions to mitigate greenhouse gas emissions and adapt to climate change;

Incorporate the circular economy and eco-efficiency into processes;

Foster the innovation of technologies aimed at protecting, conserving and recovering the environment;

Ensure the availability of water for current and future generations;

Diagnose, Preserve and Conserve Springs and Settlement Areas as sources of water for supply and dilution.

This policy applies to all Company's activities, and it is everyone's responsibility to follow it, whether governance agents, senior management, employees, interns and apprentice, as well as for any individual or legal entity, under Public or Private Law, with whom we interact: suppliers, service providers, among others.

We developed and implemented an Environmental Management System in Foz do Iguaçu, adapting the operational and managerial procedures adopted internally to

the requirements of ABNT NBR ISO 14001, obtaining this certification in an international standard. The Foz de Iguaçu system has become an internal and external reference for the development of basic sanitation activities without compromising the availability of natural resources.

Based on the ISO 14001 Environmental Management System methodology, We determined the environmental aspects of our activities, products and services that may have a significant environmental impact through criteria established in a standardized procedure. The impacts of operational activities can occur in the water environment, arising from the release of treated sewage, of water captation in springs, or even in the alteration in water regime of rivers due to the implementation of supply reservoirs. The sludge disposal from water and sewage treatment or municipal solid waste final destination in sanitary landfills can cause soil contamination if not done properly.



ETE Atuba Sul, Curitiba - Photographer: Barbara C. Smidarle

There are also aspects raised in relation to greenhouse gas emissions (GHG) and odors from the effluent treatment, and indirect emissions from energy consumption of the interconnected system (SIN) for our operation. Impacts on the water environment, impact on the soil, and impacts on the atmosphere are directly involved in our processes. Energy consumption is linked to our business relationships.

We consider our technological options and financial, operational and business requirements when planning actions to address significant environmental issues, legal requirements and the identified risks and opportunities, as well as the way to integrate and implement actions in the Environmental Management System - EMS processes or other business processes. These actions are included in the Strategic Planning, in the Multiannual Investment Planning and in the definition of Environmental Objectives of the EMS. Within our environmental management system, we constantly assess and update legal environmental requirements applicable to our activities and internalize them in our processes.

In strategic planning, we analyze the macro and microenvironment and determine external and internal matters that are relevant to our purpose and that affect our ability to achieve the intended results of our environmental management system. These issues include environmental conditions that affect us or are capable of affecting us.

The commitments to environmental compliance are included in the Sustainability Policy, revised at the 09th/2021 Ordinary Meeting of the Board of Directors - CA, held on September 23, 2021 (Version 1), and in the Code of Conduct and Integrity.

In our Investment Policy, we determine that they must consider full compliance with the requirements of environmental legislation and water resources, prioritizing environmental compliance and water non-availability.

In the process of developing the Multiannual Investment Planning (PPI), environmental compliance demands are evaluated, and prioritized through the planning of appropriate actions and resources available.

The commitments to environmental compliance are included in the Sustainability Policy. These commitments focus on fulfilling the topics of regulatory and legal requirements. This responsibility is related to the Strategic Objectives of conserving the Environment and ensuring regulatory and corporate governance practices.

The “Non-Compliance with Environmental Legislation” was elected as one of the priority risks in the Corporate Risk Management Process. In this process, existing mitigating actions to be controlled and actions to be implemented were defined, in addition to indicators to be monitored. The company’s Risk Committee monitors actions, with the support of Governance, Risks And Compliance Department - GGRC, through reports. The performance is guided by the Sustainability Policy, which advocates the balanced use of natural resources, the adoption of sustainable practices and compliance with legislation. Innovation plays a fundamental role in this process, as part of the strategic planning and is guided by the Development and Innovation Policy.

We evaluate the effectiveness of these actions through monitoring and critical analysis of performance indicators, preferably using SISWEB – Sanepar Information System or specific spreadsheet and through internal and other external audits, in accordance with the requirements of ISO 14001 and other internal standards. The Standard Sewage Compliance Index in ETEs (ICPE) is a corporate indicator of environmental compliance, an example of environmental compliance monitoring, which is part of the performance assessment that makes up the PCCR. External performance evaluations occur mainly through GHG protocol assessments and financial institutions audits.

Compliance Management Tools:

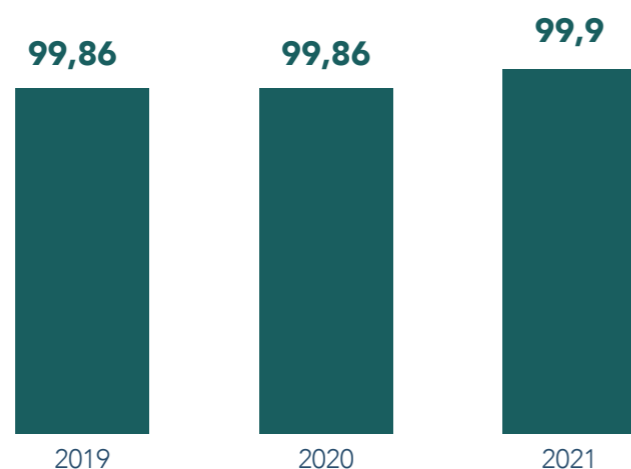
Environmental compliance of ETEs effluents:	- standard operating procedures in the corporate system; - monitoring of the quality of the effluent released by accredited laboratories analysis.
Indicators:	ICPE - Sewage Standard Compliance Index (strategic); % of ETEs and ETAs with regular license; % of ETEs and ETAs with regular grant for water usage.
Environmental diagnostics of ETEs, ETAs and EEE and sanitary landfills:	is an internal process of evaluating the operating units in relation to compliance with the main applicable legal requirements, carried out systematically by the Planning and Development Management and with the objective of subsidizing local, regional and corporate actions to correct eventual non conformities. The diagnosis consists in analysis of compliance with the main environmental requirements applicable, carried out through a technical visit to the operational units and data collection.
Sanitary landfills	Waste Landfill quality index, evaluates the environmental and operational compliance of landfills.
Insertion of environmental compliance demands in the Multy Annual Investment Plan - PPI	Based on the identified demands of Environmental Compliance, it includes, when applicable, the necessary investments in the Multiannual Investment Plan, following the corporate investment policy.

The Standard Sewage Compliance Index - ICPE, the Launched Cargo Compliance Index and the ETAs and ETEs with Regularized Environmental Licensing Indicator, that became effective in 2021.

IF-WU-140b.1

	2021 (%)
Standard Sewage Compliance Index - ICPE	87,62
Launched Cargo Compliance Index	96,06
ETAs and ETEs Indicator with Regularized Environmental Licensing	92,72

ICP - CONFORMITY TO POTABILITY STANDARD INDEX



The Environmental Diagnosis is the corporate process of periodic verification of our operational units in relation to compliance with applicable environmental

legislation. The ETEs (Sewage Treatment Station) are included in the Environmental Diagnosis - DA, ETAs (Water Treatment Station), EEEs (Sewage Pumping Station) and sanitary landfills operated by the Company. After the end of each cycle, the GPDA (Environmental Planning and Development Management) provides a list of identified non-conformities to the GGAM (Environmental Management Department), for opening a Corrective and Preventive Actions Report (RACP) and it's also GGAM responsibility to treat irregularities found and promote integration and compatibilization between demands. In order to include them in the MIP. Integration with MIP occurs when matching the necessary investments to other appointed demands.

Another product of the Environmental Diagnosis are the Performance Analysis Reports, prepared at a corporate level, by Regional Managements and General Managers at the end of each cycle. These reports present an analysis of consolidated data collected in that ED cycle, statistically analyzing their results and allowing the identification of non-conformities more recurring in the Company so that they are considered for Corporate Programs.

Environmental diagnostics have an indicator called the Environmental Compliance Index (ICA), which weighs the incidence of non-compliance with the requirements of environmental licenses, grants and other main legal diplomas related to sanitation activities. This one indicator is evaluated every cycle for each operating unit in order to assess its temporal evolution and make comparisons.

In 2021, 22 (twenty-two) Environmental Infraction Notices were issued against Sanepar. Gathered, they make up the total amount of BRL 2,151,979.60 (two million, one hundred and fifty-one thousand, nine hundred and seventy-nine reais and sixty cents).

For all Environmental Infraction Notices - AIAs, administrative defenses were prepared within the legal deadlines established by current regulations. In addition to defense, we present a mitigation plan for the damage caused and preventive actions, and sensitization with the community.



Photovoltaic Plate ETE Ouro Verde - Photographer: Alexandre Moreno Lisboa

With these actions, we are committed to fulfilling our role in society by treating water and sewage that meet all legal parameters.

ENERGY EFFICIENCY

GRI 103-1, 103-2, 103-3

In 2021, we spent more than BRL 500 million on the consumption of electrical energy of around 733 GWh, totaling our highest operating cost. This amount of energy, consumed in more than 4,000 units distributed by the municipalities where we operate, especially in sanitary infrastructures, has made us the largest corporate consumer of electricity in the State of Paraná. More than 90% of electricity consumption is linked to pumping systems of water and sewage. Electricity is considered an unmanageable input within the scope of the tariff model applied to Sanepar and, therefore, its costs are passed on directly to consumers via tariff.

The energy theme has been widely discussed by us, as our activities are energy intensive and because of the constant expansion of the services coverage. In times when global warming and climate change are matters of worldwide repercussion, the implementation of energy efficiency actions becomes fundamental to minimize environmental impacts and to reduce greenhouse gas emissions. In that sense, through conservation and rational use of energy, as well as taking advantage of our clean energy generation potential, we have sought not only economic, but also social and environmental sustainability in our business model. To this end, we have encouraged innovation, applied research and development of good practices that enable cost reductions, energy efficiency in our processes and, consequently, the improvement of our environmental sanitation services subsidized by increasingly low tariffs.

It is worth noting that the lack of electricity directly impacts the performance of our operational routines. To mitigate impacts on service continuity to the population, we have contracts with electricity generators. Another relevant aspect concerns the increase in power cable thefts that has challenged companies in the sector in the express replacement of assets. Measures such as management of electricity bills, via an Invoice Management System - IMS. A Business Intelligence (BI) platform dedicated to the topic was built and operationalized in 2021. Additionally, we seek to reduce the load factor of the systems at peak times, a period in which the electricity tariff is more onerous, shifting the electrical power contracted with the concessionaire to schedules where the electricity grid is less demanded. In addition, we have prioritized the periodic maintenance of operating units and the acquisition of efficient equipment, especially motor-pump sets. We have been promoting energy efficiency actions in our production units by structuring Technical Committees or Internal Commissions for Energy Conservation (CICE). Some regions such as Foz do Iguaçu and Maringá have permanent forums for deliberations on the matter. The first experiences with adopting premises recommended by the ISO 50.001 standard are in progress in the Integrated Water Supply System in Curitiba.

Through monthly reports obtained via IMS and BI, regional managements are oriented to improve their management mechanisms, providing feedback to strategic areas about the results of their interventions. Bi-annual meetings are held for critical analysis and forwarding to Senior Management.

Policies

To date, our energy policy has been dealt with within the scope of the operational development policy. However, in 2021, it was defined as one of the corporate strategic plans to prepare the Company Energy Master Plan. This document is linked to the strategic objective "Ensure the quality of products and services" in the guiding axis "Processes". The Energy Master Plan will be completed in the first half of 2022 and aims to guide the energy efficiency of processes, the diversification of the Company's energy matrix, the reduction of electric energy costs, the reduction of

greenhouse gases emission and, consequently, the promotion of reasonable tariffs and corporate sustainability. To this end, the following stages were established: (i) construction of the corporate strategic proposal; (ii) diagnosis of opportunities related to energy management; (iii) identification of the pillars and corporate goals for the plan; (iv) development of specific plans for the identified pillars; (v) consolidation of the final energy master plan document. The areas responsible for this process are the Operational Development Department - GDOP and Research And Innovation Department - GPIN, both members of General Operations Development Department - GPDO, and the plan is part of their management agreement.

Actions

In 2021, we intensified studies as well as the negotiations with the regulatory agency aiming at the migration of energy-consuming units of electricity for the free market. Currently, all our consumer units are in the captive market.

In order to optimize electricity management and after validation of specialists, from 2018 to 2021 we conducted monitoring, in real-time and remotely, of the electricity consumption of 93 consumer units located in the cities of Curitiba and Metropolitan Region, Londrina, Cambé, Cascavel and Foz do Iguaçu. Additionally, we conducted our first Internet Of Things (IoT) Project. A real-time monitoring and responsive system was implemented in a reservation and water distribution system in the municipality of Lapa, and access to data occurs remotely and via the cloud. With the success of the studies, the replication of the solution in other systems of the Company is planned.

The initiatives to combat water losses were also intensified in 2021, under the guidance of a corporate program on the subject. The adoption of strategies for sectoring water distribution systems, cleaning pipelines, optimizing the use of electromechanical equipment and installing converters of frequency coupled to motors were also actions carried out during the period.

Aware of advances in the area of distributed electricity generation, we have

consolidated guidelines for hydropower generation in water supply systems. A pilot system with an average power of 18 kW is installed at the Airport Reservation Center, in the municipality of São José dos Pinhais. This system generates electrical energy from the surplus hydraulic energy available in the pipeline that takes the water to the reservoir, using a pump that works like a turbine, replacing a flow control valve that previously only dissipated energy. Projects for the implementation of another system of this nature are in progress.

From the conception of a new business based on the concepts of circular economy, a high-tech biodigestion plant is installed at ETE Belém (CS Bioenergia), producing renewable energy from the simultaneous treatment and innovative use of sewage sludge and organic materials from large generators. The electrical energy generated is used by the plant itself, and the surplus is injected into the network of the local concessionaire, generating energy credits. These electricity credits are used in more than 160 consumer units distributed in Paraná, as per our indication. The amount of credits made available for compensation to the Company in 2020 and 2021 was 3,278,163 kWh and 3,671,551 kWh respectively.

After several researches on the measurement and energy use of biogas from anaerobic reactors treating domestic sewage, such as the pioneer microgeneration system at ETE Ouro Verde – Foz do Iguaçu (30 kVA), we proceeded with the activities of the Paraná Bem Tratado program. This program relies on the financing contract of 50 million euros with the German bank KfW, a resource that will be applied in projects and works for improvement, rehabilitation, expansion, reduction of GHG emissions, energy efficiency, recovery of biogas and implantation of ETEs in the cities of Curitiba, Londrina, Maringá, Umuarama, Araucaria, Toledo, Arapongas and Guarapuava.

Currently, we serve more than 7 million people with sewage collection and treatment services and we have more than 200 sewage treatment plants (ETEs) distributed in

the State of Paraná that use anaerobic digestion technology and that, consequently, routinely generate biogas as a by-product. This is the largest park of anaerobic reactors in the world treating domestic sewage.

In addition, we have carried out studies on the use of biogas as fuel to thermally promote the drying and cleaning of sewage sludge. The results obtained prove that the technique can reduce operating costs with the handling and final disposal of the material. This is because thermal processing significantly reduces the final sludge volume to be disposed of, promoting its cleaning without the use of chemical products. The dry sludge, in turn, can be used as fertilizer in agriculture, as well as biomass, being thermally transformed into complementary energy for its drying process itself. This alternative was investigated in detail, including on a pilot scale, envisioning its implementation in large-scale ETEs. In 2021, works were carried out to install a system of this nature at the ETE Atuba Sul-Curitiba, with the capacity to process 5 t/h of wet sludge. The system should come into operation in the first half of 2022.

We have also taken our first steps in converting solar energy into electricity. Since 2018, an experimental parking lot with photovoltaic solar panels has been in operation at our Sustainable Technologies Center, whose total power is 5 kW, with two different technologies: polycrystalline silicon and cadmium telluride. The parking lot also has an electric station. At urban mobility areas, it is worth noting that we prioritize the use of ethanol in our fleet, with the aim of reducing the impact of atmospheric emissions. Furthermore, we studied in partnership with Compagas the use of natural gas in our vehicles, as well as models for the production of biomethane.

A floating photovoltaic solar plant in the Passaúna reservoir – Curitiba (130 kWp) has been in operation since December 2019. The plant consists of 396 polycrystalline photovoltaic modules and occupies an area of approximately 1,200 m².

The system was installed on floating structures over the dam's lake. This is an unprecedented project in the Brazilian sanitation sector, which aims to assess, among others, the reduction of algal blooms and induced evapotranspiration in the dammed water after the installation of the floating system. The project was awarded in 2021 with the 2nd OE Award for Innovation in Engineering and Infrastructure (Inova infra). With the success of the initiative, studies are underway to expand the plant and install it in other reservoirs. Photovoltaic solar panels that total power of 75 kWp are fixed on the roof of the new administrative building of our Headquarters.

This initiative was conceived within a certification strategy for sustainable buildings (LEED Gold certification).

At the Ouro Verde ETE, in 2021, the first hybrid-electric power distributed generation system in Brazil was implemented in a sewage treatment plant. In addition to generating electricity from biogas, solar panels (about 5 kWp) were installed for research purpose and also hydro-energy generators (2kW) were installed at the plant effluent outlet, for the same purpose.

Energy Consumption and Energy Intensity

GRI 302-1, 302-2, 302-3 SASB IF-WU-130a.1

The following table shows the Company's electricity consumption, including the electricity self-production and the energy intensity in the production processes of water and sewage collection.

Electricity consumption	2,641,546 GJ (733,762,677 kWh consumed from the National Interconnected System)
Electricity sold	980 GJ from the self-production of energy from a renewable source for own consumption (biogas, solar panel and hydraulic)
Total energy consumption within the organization	2,642,526 GJ
Energy intensity rate for the organization (within the organization).	Electricity consumption in the water process divided by the volume produced = 0.0031 GJ/m ³ Electricity consumption in the sewage process divided by the volume of sewage collected = 0.00078 GJ/m ³

GREENHOUSE GAS EMISSIONS

GRI 305-1, 305-2, 302-4

Since the materiality review, which took place in 2021, climate change has been considered a Material Topic for reporting and SDG 13 – Climate Change – is among the 05 SDGs prioritized by the Company. The subject became an internal agenda and with this the opportunity to leverage projects and define strategies.

The control and reduction of emissions, inherent to our operations, are key factors in slowing down the global warming process. Paraná is being severely punished by the water crisis, especially as it is a state heavily dependent on agricultural production and, consequently, dependent on rainfall cycles and water availability. We follow and participate in the Climate Change Forum and are attentive to the emergence of any regulation on the subject.

The transformation of the Company's Environmental Policy into a new Sustainability Policy generated a commitment to promote greenhouse gases mitigation actions and develop strategies for adaptation and resilience to climate changes. Among the commitments of our Sustainability Policy are: promote actions to mitigate greenhouse gas emissions and adapt to climate change. The commitment is in line with the Brazilian Nationaly Determined Contributions - NDCs, which concern the nation's commitments to Climate Conventions, despite the fact that in the sanitation sector there are no established quantitative targets. They are under elaboration.

Emissions inventories

Annually, since 2008, the emissions of greenhouse gases (GHG) from our activities are estimated for the preparation of the Inventory of Greenhouse Gases (IGEE). The Environmental Planning and Development Management (GPDA) is responsible for preparing the IGEE annually, contracting and monitoring its external verification and in its last management agreement placed the objective of presenting a proposal of reduction targets for the entire Company to follow. The consolidation of emissions is carried out by the Operational Control.

All GHGs regulated by the Kyoto Protocol, carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), sulfur hexafluoride (SF₆), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), are included in the IGEE. At activities developed and contemplated in the IGEE are: sanitary sewage, water supply, collection and final disposal of urban solid waste and support activities, classified as administrative. The source of emission factors and global warming potential (GWP) indices used or a reference to the source of GWP are from the IPCC Fourth Assessment Report: Climate Change 2007 – AR4.

For the calculation of emissions, the internal control tool and a separate worksheet based on the IPCC (2006) are used. Between 2013 and 2015, the efficiency only the main process at the sewage treatment plant was considered. Aiming at an improvement in the accuracy of the calculations, in 2016 we started to consider the efficiency of all stages of ETE treatment. In 2017, we decided to use the flow monitoring data, affluent Biochemical Oxygen Demand - BOD and efficiency of each

ETE instead of theoretical data from the literature. Thus, due to the change in the methodology used to calculate methane emissions from ETEs, the emissions from the years 2013, 2014, 2015 and 2016 were recalculated for analysis and comparison with the emissions of the following years.

In 2020, more accurate data was acquired on the waste generated in the ETEs, which enabled the calculation of the scope 3 emissions estimates from the destination of these residues to landfills and sludge for agriculture. In addition, by further analyzing the GHG Protocol tool sheet for Waste from the operation and the IPCC Waste Model tool worksheet, which is used for proper landfills, we verified that, due to lack of primary data, the burning of biogas by the existing burners in the landfills was not being considered. Therefore, we sought efficiency estimates that would fit the reality of the landfills operated by us in the literature and benchmarking, finally, we adopted a 75% efficiency for biogas capture and 50% for open flare burning.

In 2021, emissions from business travel were added to Scope 3 as well as the combustion of the machinery used in the landfills operation. In addition, we started to calculate fugitive emissions using the screening method for sources and considered the value of the oxidation factor (OX) of the landfills as 0.1, the value used for well-managed landfills as well as the calculation of biogenic emissions. In indirect N₂O emissions from effluent treatment, we modified the use of standards and factors from the literature for effluent nitrogen monitoring data. Therefore, due to the change in methodology for calculating methane emissions in ETEs, emissions from previous years were recalculated from 2013, our base year, the year The elaboration of the IGEE was consolidated internally and included in the normative system.

The value of emissions in the base year is 766,353.6 tCO₂e (Scope 1) and 62,781.68tCO₂e (Scope 2).

For the monitoring of emissions, the base year must be selected. The value of emissions in the base year is 766353.6 tCO₂e (Scope 1) and 62781.68 tCO₂e (Scope 2).

Evaluation mechanisms

We have indicators that provide information about our performance, over time, on many fronts. Through them, we can evaluate and measure the efficiency of our processes and methods. We currently use the following indicators:

- Productivity/efficiency

* Direct emissions per cubic meter of treated sewage: direct emissions (Scope 1, excluding landfill emissions, in kg CO₂e)/m³ of treated sewage.

* Direct emissions per ton of landfilled waste: direct emissions (Scope 1, considering only landfills, in kg CO₂e)/tons of landfilled waste.

* Total energy consumption per m³ of water produced: total energy consumption (Scope 2, in kWh)/m³ of produced water.

- Intensity indicators

* Direct emissions per inhabitant: direct emissions (Scope 1, in kg CO₂e)/population served by a sewage collection network.

Good practices are evidenced in the IGEE, which undergoes verification by a third party.

Scope 1 and 2 emissions and GHG emissions intensity index 2020 GRI 305-1, 305-2, 305-4; IF-WM-110a.1

The following table shows direct and biogenic emissions (from Scope 1) and indirect emissions (from Scope 2), as well as the emissions intensity index of the Company's GHG.

Total direct (Scope 1) GHG emissions in metric tons of CO ₂ equivalent	1,022,960.51 tCO ₂ e
Biogenic emissions (Scope 1) of CO ₂ in metric tons of CO ₂ equivalent	289,054.12 tCO ₂ e
Total indirect (Scope 2) GHG emissions from the purchase of energy in tons CO ₂ equivalent metrics calculated based on location	43,869.55 tCO ₂ e
GHG emissions intensity index for the organization	2.61 kg of direct emissions* / m ³ of treated sewage 604.3 kg CO ₂ process RS/t of solid waste destined 104.61 kg CO ₂ e of direct emissions* /population served with sewage treatment 0.06 kg CO ₂ e of indirect emissions * /m ³ of produced water

*Emissions from the solid waste treatment process were excluded. 2020 results.

GHG emissions in solid waste final disposal

The final disposal of municipal solid waste was responsible for 3.84% of the direct emissions, while fuel consumption for the fleet by 0.52%, the stationary sources for 0.03%. Fugitive emissions accounted for 1.27% and change in land use and occupation for 0.26% of our emissions.

Odor emissions in ETES

In effluent treatment, in addition to the emission of CH₄ and N₂O contemplated in the IGEE, there is the generation of H₂S causing bad odors. Sewage treatment systems activities are exempt from measuring this emissions by Instituto Água e Terra - IAT, since 2008, and the annual self-monitoring reports of atmospheric emissions are prepared by adopting typical concentrations of H₂S in the atmosphere of different ETE designs.

The estimation of these gases is performed according to recognized bibliographic references. Then, these concentrations are multiplied by the number of treatment units in each ETE. The results are delivered annually to the environmental agency via a self-monitoring report on atmospheric emissions.

In sewage treatment plants, odor control mechanisms are implemented, such as green curtains, burners in anaerobic reactors, daily cleaning of the preliminary system, elimination of cascading, and coverage of waste storage sites. In some plants, chemical products are still dosed or biofilters are installed. In the case of green curtains, in addition to the benefit to control the dispersion of odors, we have improvements in the visual aspect of the ETE, contributing to a more pleasant work environment, enabling integration with Permanent Preservation Areas - APP and other forest areas, increasing carbon sequestration on those places.

In case of complaints from the population in relation to bad odors coming from the ETEs, there are procedures to be followed. Every claim is pertinent and deserves an immediate investigation.

There are several ways to receive complaints, either through telephone, residents' associations or in direct contact with the population, however, complaints must be received without barriers and recorded as completely as possible.

In investigative work, it is important to locate exactly the complaining source and at what time the odor was noticed. If possible, a personal conversation with the complainant will bring important information to the evaluation framework.

Complaints must be mapped and, when possible, on-site monitoring point should be implemented to assist in tracking the effectiveness of mitigating measures adopted at the ETE.

PARTICIPATION IN ENTITIES

GRI 102-13

We are affiliated with the National Quality Foundation, the Brazilian Association of Sanitary Engineering and Anefac - Fipecafi (an institution that provides institutional, financial and operational support to the Accounting and Actuarial Department - EAC of Faculty of Economics, Administration and Accounting at São Paulo State University - USP).

We have formal representation and actively participate in forums, collegiate deliberative, or consultative, environmental and water resources on municipal, state, and federal levels, in which topics are debated and evaluated and resolutions with legal force are published, within specific attributions, which can influence the planning and management of our processes.

- » 11 Hydrographic Basin Committees in PR;
- » 1 Federal Basin Committee – Paranapanema River; » State Water Resources Council of PR;
- » Municipal Environmental Councils of the main municipalities where we operate;
- » Paraná Forum on Climate Change;
- » Curitiba Metropolitan Region - RMC Springs Management Council;
- » National Water Resources Council and its Technical Chambers, through Brazilian Association Of Sanitation Engineering - ABES.

An aerial photograph of the Piraquara I Dam reservoir. The reservoir is a large, calm body of water with several islands and peninsulas. The surrounding landscape is lush green with dense forest and rolling hills. In the foreground, there is a large green field, possibly a sports field, and a road with some vehicles. The sky is filled with large, white clouds, and the overall scene is bright and scenic.

ECONOMIC-FINANCIAL PERFORMANCE

Piraquara I Dam – Photographer: Guilherme Luchina

REVENUES

GRI 102-7

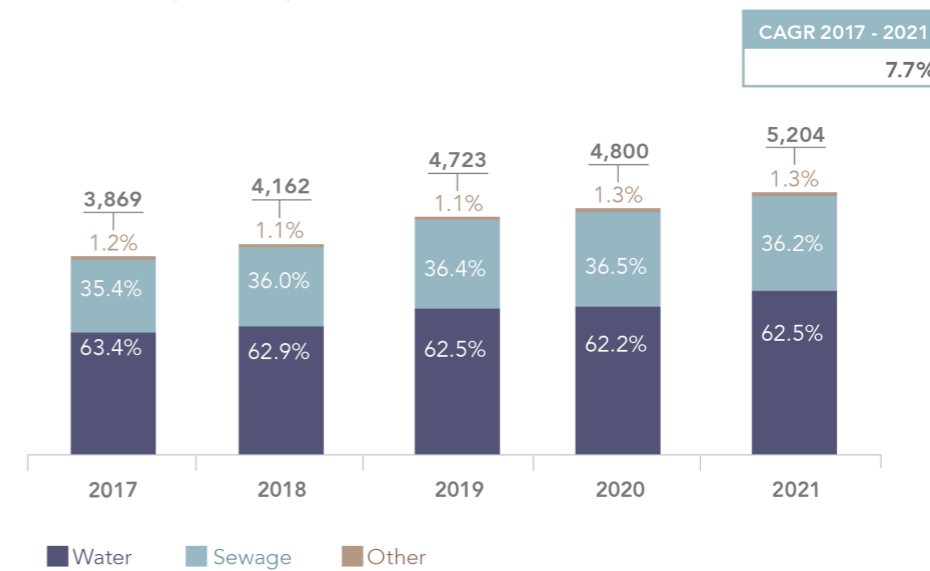
Our economic-financial performance in 2021 is detailed in Management Report and Financial Statements that can be accessed at address:

<https://bit.ly/RASanepar2021>

Financial capital

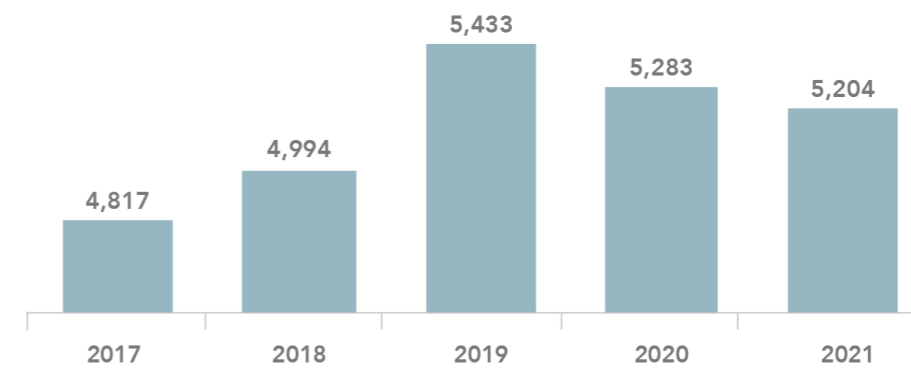


NET REVENUE (R\$ | MM)



NET REVENUE IN ACTUAL VALUES (R\$ | MM)

Updated values by IPCA¹



¹ IPCA IBGE: 2018: 3.75% | 2019: 4.31% | 2020: 4.52% | 2021: 10.06%

GRI TABLE OF CONTENTS



GRI TABLE OF CONTENTS

GRI Standards	Disclosure	Observation	Report page
General standard content			
ORGANIZATIONAL PROFILE			
102-1	Name of the organization	Cover	
102-2	Activities, brands, products and services		13
102-3	Location of organization's headquarters	R. Engenheiros Rebouças, 1376 – Curitiba/PR	
102-4	Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.		13
102-5	Nature of ownership and legal form		13
102-6	Markets served		13
102-7	Scale of the organization		14, 77, 117
102-8	Information about employees and other workers		77
102-9	Supply chain		90, 91
102-10	Significant changes to the organization and its supply chain	No significant changes	
102-11	Precautionary Principle or approach		37, 38, 39
102-12	External initiatives		95, 96
102-13	Membership of associations		115
STRATEGY			
102-14	Statement from senior decision-maker		9, 10
ETHICS AND INTEGRITY			
102-16	Values, principles, standards and norms of behavior		33, 34, 35
GOVERNANCE			
102-18	Governance structure		32, 33
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups		65

GRI 102:
GENERAL
DISCLOSURES
2016

GRI Standards	Disclosure	Observation	Report page
	102-41 Collective bargaining agreements		79, 80
	102-42 Identifying and selecting stakeholders		65, 66
	102-43 Approach to stakeholder engagement		65, 66
	102-44 Key topics and concerns raised		5, 6, 7
REPORTING PRACTICES			
	102-45 Entities included in the consolidated financial statements	The scope of the Sustainability Report and Financial Statements covers all Sanepar's operations. No inclusion of other entities	
	102-46 Definition report content and topic Boundaries		5, 6, 7
	102-47 List of material topics		5, 6, 7
GRI 102: GENERAL DISCLOSURES 2016	102-48 Restatements of information	In 2021, there was a prioritization of SDGs 3 - Health and well-being, 5 – Gender equality, 6 – Drinking water and sanitation, 12 – Responsible consumption and production and 13 – Action against global climate change)	
	102-49 Changes in reporting	The 2021 Report had no relevant changes in the way of reporting. The next report – reference 2022 – will be in INTEGRATED REPORT format.	
	102-50 Reporting period for the information provided		5
	102-51 Date of most recent report	The latest Sustainability Report was published in July 2021, referring to 2020	
	102-52 Reporting cycle		5
	102-53 Contact point for questions regarding the report		5
	102-54 Claims of reporting in accordance with the GRI Standards		5
	102-55 GRI content index		119
	102-56 External assurance	This report has not undergone any external verification.	

Material Themes

Governance and Regulated Environment

GRI 103: MANAGEMENT APPROACH	103-1	Explanation of material topics and its Boundary		6, 29
	103-2	Grievance Mechanisms - Number of grievances that were resolved during the reporting period	Grievance Mechanisms - Number of grievances that have been resolved during the reporting period: 316	29

GRI Standards	Disclosure		Observation	Report page
GRI 103: MANAGEMENT	103-3	Evaluation of the form of management		30
GRI 102: GENERAL DISCLOSURES 2016	102-15	Description of the main impacts, risks and opportunities		38
	102-17	Mechanisms for advice and concerns about ethics		36, 37
	102-29	Identifying and managing economic, environmental, and social impacts		37, 38, 39
	102-30	Effectiveness of risk management processes		37, 38, 39
	102-31	Review of economic, environmental, and social topics		37, 38, 39
GRI 205: ANTI-CORRUPTION	205-1	Operations assessed for risks related to corruption		36
	205-2	Communication and training about anti-corruption policies and procedures	31 - 100%	
		Total number and percentage of governance body members that have received training on anti-corruption, broken down by region	31 - 100%	
		Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to	9559 - 94%	
GRI 307: ENVIRONMENTAL COMPLIANCE	307-1	Non-compliance with environmental laws and regulations		108
GRI 419: SOCIOECONOMIC COMPLIANCE	419-1	Non-compliance with laws and regulations in the social and economic area		97
Management of water and liquid effluents				
GRI 103: MANAGEMENT APPROACH	103-1	Explanation of material topics and its Boundary		6, 41, 42, 46, 47
	103-2	The management approach and its components		41, 72, 105
	103-3	Description of the main impacts, risks and opportunities		45, 55, 56
GRI 303: WATER AND EFFLUENTS	303-1	Interactions with water as a shared resource		41, 42
	303-2	Management of water discharge-related impacts		42
	303-3	Water withdrawal		45
	303-4	Water discharge		47
	303-5	Water consumption	SANEPAR's internal water consumption is the sum of the operational volume, special, administrative volume and losses from the process	

GRI Standards	Disclosures	Observation	Report page
GRI 303: WATER AND EFFLUENTS		Operating volume - Volume of water used in the distribution network, in the operational activities of discharge for disinfection of networks and water mains, discharge for network maintenance, hydraulic tests of tightness and tank cleaning	14.295.921 m ³
	303-5	Administrative, operational and commercial	7.562.538 m ³
		Special volumes - Not counted in the micro measured volume. This category includes the volumes transported by water trucks, those consumed by the Fire Department, use in a water jetting truck, supplies used as social supplies, such as for slums and fountains, for example, uses for street washing and irrigation of public spaces and supply for public works.	167.682 m ³
		Total water consumption	22.026.141 m ³
GRI 306: WASTE 2020	306-1	Waste generation and significant waste-related impacts	49, 58
	306-2	Management of significant waste-related impacts	49, 58
	306-5	Waste directed to disposal	49, 58
Climate Changes			
GRI 103: MANAGEMENT APPROACH	103-1	Explanation of material topics and its Boundary	6, 112, 113
	103-2	The management approach and its components	113
	103-3	Evaluation of the management approach	114
GRI 302: ENERGY	302-1	Energy consumption within the organization	112
	302-2	Energy consumption outside the organization	112
	302-3	Energy intensity	112
GRI 305: EMISSIONS	305-1	Direct (Scope 1) GHG emissions	114
	305-2	Energy indirect (Scope 2) GHG from energy acquisition	114
	305-4	GHG emissions intensity	114
Customer well-being			
GRI 103: MANAGEMENT APPROACH	103-1	Explanation of material topics and its Boundary	7, 67
	103-2	The management approach and its components	70, 71, 72, 73
	103-3	Evaluation of the management approach	73, 74
Social responsibility			
GRI 103: MANAGEMENT APPROACH	103-1	Explanation of material topics and its Boundary	7, 75, 98, 105

GRI Standards	Disclosure	Observation	Report page
GRI 103: MANAGEMENT APPROACH	103-2	The management approach and its components	65, 75, 98, 105
	103-3	Evaluation of the management approach	82
GRI 203: INDIRECT ECONOMIC IMPACTS	203-1	Infrastructure investments and services supported	50, 51
	203-2	Significant indirect economic impacts	105
GRI 401: EMPLOYMENT 2016	401-2	Benefits offered to full-time employees that are not offered to temporary or part-time employees	80
GRI 404: TRAINING AND EDUCATION	404-2	Programs for upgrading employee skills and transition assistance programs	80, 81, 82, 83, 84
	404-3	Percentage of employees receiving regular performance and career development reviews	84
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES	405-1	Diversity in governance bodies and employees	78
	405-2	Ratio of basic salary and remuneration of women to men	78, 79
GRI 406: NON-DISCRIMINATION	406-1	Incidents of discrimination and corrective actions taken	In 2021, Sanepar received, through the Integrity Complaints Channel, 1 (one) classified report. defined as "Discrimination/ Prejudice". The situation was dealt with by the immediate management and social worker, identifying that there was a need for management alignments.
GRI 413: LOCAL COMMUNITIES	413-1	Operations with local community engagement, impact assessments, and development programs	98, 99, 100, 101
	413-2	Operations with significant actual and potential negative impacts on local communities	168 WTPs in which risk was identified potential for chlorine gas leakage; there is ETEs that generate odor and are located in urban areas that impact communities from the surroundings.
Universalization of Access to Water and Sewage			
GRI 103: MANAGEMENT APPROACH	103-1	Explanation of material topics and its boundary	7, 41, 62
	103-2	The management approach and its components	41, 42, 43, 44, 45
	103-3	Evaluation of the management approach	73, 74

SASB INDICATORS



Rio Nhundiaguara - Morretes - Photographer: André Thiago Chaves Aguiar

SASB INDICATORS INDEX

Provisional code	Revised code	Disclosure	Page	Omission
Governance and Regulated Environment				
IF0103-02	IF-WU-140b.1	Number of incidents of non-compliance associated with water effluent quality permits, standards, and regulations	108	
IF0103-06	IF-WU-440a.3	Discussion of strategies to manage risks associated with the quality and availability of water resources	53, 54, 55	
Management of water and liquid effluents				
IF0103-07	IF-WU-250a.1	Number of acute health-related, non-acute health-related and non-health-related drinking water violations		Sanepar does not work with nonconformities in levels
IF0103-13	IF-WU-140a.2	Volume of real non-revenue water losses	46	
Climate changes				
IF0201-1	IF-WM-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations, and emissions-reporting regulations	114	
IF0201-D	IF-WM-000.D	Total amount of managed materials, by customer category: municipal, commercial, industrial, residential and other	13	
IF0103-1	IF-WU-130a.1	Total energy consumed, percentage of grid electricity, percentage renewable	112	
Customer well-being				
IF0103-16	IF-WU-450a.3	Number of unplanned service disruptions, and customers affected, each by duration category	48	
IF0103-10	IF-WU-240a.4	Discussion of impact of external factors on customer affordability of water, including the economic conditions of the service territory		Study in preparation

Provisional code	Revised code	Disclosure	Page	Omission
Social responsibility				
IF0103-10	IF-WU-240a.4	Discussion of impact of external factors on customer affordability of water, including the economic conditions of the service territory		Study in preparation
IF0103-15	IF-WU-450a.2	Number and volume of sanitary sewage overflows, percentage of volume recovered	59	
Universalization of Access to Water and Sewage				
IF0103-D	IF-WU.000.E	Length of water mains and sewer pipe	14, 59	
IF0103-16	IF-WU-450a.3	Number of unplanned service disruptions, and customers affected, each by duration category	48	
IF0103-10	IF-WU-240a.4	Number of water disconnections of residential customers due to non-payment, percentage of reconnection in 30 days		Study in preparation
IF0201-A	IF-WM-000.A	Number of customers by category: municipal, commercial, industrial, residential and others	13	



Piraquara I Dam – Photographer: André Thiago Chaves Aguiar

Credits

Coordination and data collection

Gerência de Planejamento Estratégico (GPE)

Photos

Diretoria adjunta de Comunicação e Marketing (DACMK)

Cover Photo - Solar Energy Plates at Passaúna Waterfall

Photographer: André Thiago Chaves Aguiar

Writing and Editorial Consulting

Paula Bertoli – [Literal Link](#)

Graphic Design and Layout

Thais Aguiar Zeller and Camila Ribeiro – [Literal Link](#)

Selection, organization and data processing

Marcela Valles Lange and Karina Cubas Amaral – [Literal Link](#)

Translation and Review

Yasmin Renisz – [Literal Link](#)

Gláucia Ishida Paiva - (GPE)



SANEPAR



PARANÁ
GOVERNO DO ESTADO

