



**Companhia de Saneamento de Minas Gerais**

## **BYLAWS**

**COMPANHIA DE SANEAMENTO DE MINAS GERAIS  
COPASA MG**

**BELO HORIZONTE, MINAS GERAIS - BRAZIL**



## **COMPANHIA DE SANEAMENTO DE MINAS GERAIS - COPASA MG**

Corporate Registry ID (NIRE) 31.300.036.375

Corporate Taxpayer's ID (CNPJ/MF) 17.281.106/0001-03

### **BYLAWS**

#### **CHAPTER I**

##### **Name, Headquarters, Duration and Purpose**

**Article 1.** It shall be incumbent upon Companhia de Saneamento de Minas Gerais - COPASA MG, a government-controlled authorized-capital corporation controlled by the State of Minas Gerais and incorporated pursuant to Law 2.842 dated July 5, 1963, to plan, execute, expand, remodel and explore public sanitation services, aiming to contribute with the social well-being and improvement in the life quality of the population.

**Sole Paragraph.** For purposes of these Bylaws, basic sanitation is the group of services, infrastructure and operating facilities for:

I - the supply of potable water, consisting in all necessary activities to provide the population with potable water, from the collection of water to its respective delivery and installation of measurement instruments;

II - the supply of sewage services, consisting of activities such as collection, transportation, treatment and the proper final disposal of sewage, from sewage connection networks to its final disposal in the environment;

III - the supply of urban cleaning and handling of solid residues, consisting of activities such as collection, transportation, transshipment, treatment and the final disposal of domestic waste and waste originating from the cleaning of public streets.

**Article 2.** The Company's headquarters and jurisdiction are located in the City of Belo Horizonte, State of Minas Gerais, and the Company's duration is indeterminate.

**Sole Paragraph.** Following a resolution from the Board of Directors, the Company may open or close subsidiaries, branches, offices and sales offices, and any other establishments to perform its activities in any other State in the country or overseas.

**Article 3.** To comply with its purpose, COPASA MG shall invest in water supply, sewage and solid waste projects, as well as corporate development projects that together provide the Company with real return of investments equal to, or higher than, its cost of capital.

**Article 4.** In order to comply with its institutional purposes, COPASA MG may:

I - apply for loans and financing from domestic or international financial institutions or a national development agency, respecting obligations in return, as the case may be, so



long as they are in accordance with the conditions set forth in the Company's Debt Policy, as follows:

- a) the consolidated net debt of COPASA MG must be equal to, or less than, 3 times the EBITDA (Earnings Before Interest, Income Taxes, Depreciation and Amortization);
- b) the Total Liabilities of COPASA MG must be equal to, or less than, the Shareholders' Equity; and
- c) the EBITDA of COPASA MG must be greater than 1.2 times the Debt Service.

II - propose expropriations;

III - promote takeover services;

IV - receive donations and incentives;

V - operate in Brazil and overseas;

VI - execute agreements or participate in consortiums, or any other type of partnership agreement, with government or private entities;

VII - execute agreements, including public service planning, concession and permission agreements;

VIII - outsource part of its activities, pursuant to article 78 of Federal Law 13.303, dated June 30, 2016, and article 25, paragraph 1, of Federal Law 8.987, dated February 13, 1995;

IX - contract a service provider or construction developer whose corporate purpose is not the rendering of basic sanitation services;

X - execute the assembly, recovery and study services inherent to the initial and post-maintenance verification of water and sewage meters, with their commercialization being strictly forbidden.

**Paragraph One.** COPASA MG's activities, as stated in its corporate purposes, shall be developed directly or through wholly-owned subsidiaries specially constituted for these purposes or through companies which COPASA MG or its subsidiaries are majority or minority shareholders, upon authorization from of the Board of Directors.

**Paragraph Two.** COPASA MG may provide operational, logistical, administrative and technical support to its subsidiaries.

**Paragraph Three.** The targets provided for in item "a" of this Article above may be exceeded due to conjunctural reasons, upon justification and specific approval by the Board of Directors, up to the following limits:

I - COPASA MG's consolidated net debt may reach a maximum of 4 times its EBITDA (Earnings Before Interest, Income Taxes, Depreciation and Amortization);



II - COPASA MG's total liabilities may reach a maximum of 1.2 times its Shareholder's Equity;

III - COPASA MG's EBITDA should be at least greater than 1.2 times its Debt Service.

**Article 5.** The Company shall be ruled by these Bylaws and the applicable legal provisions, in particular Federal Law 6.404/1976 (Brazilian Corporations Law), Federal Law 13.303/2016 and State Decree 47.154/2017.

**Paragraph One.** With the Company's listing on the *Novo Mercado* segment of B3 S.A. – Brasil, Bolsa, Balcão ("B3"), the Company, its shareholders, managers and members of the Audit Committee are subject to the provisions of the *Novo Mercado* Regulation.

**Paragraph Two.** The Company, its management and shareholders shall comply with the Regulations for the Listing of Issuers and Admission for the Trading of Securities, including rules related to the withdrawal and exclusion of securities admitted for trading in the organized markets managed by B3.

## **CHAPTER II**

### **Capital Stock and Shares**

**Article 6.** The Company's capital stock is three billion, four hundred and two million, three hundred eighty-five thousand, six hundred and nine reais and forty-seven centavos (R\$3,402,385,609.47), fully subscribed and paid-in, represented by one hundred twenty-six million, seven hundred fifty-one thousand and twenty-three (126,751,023) common shares, all registered with non-par value.

**Paragraph One.** The capital stock shall be exclusively represented by common shares.

**Paragraph Two.** Each common share shall be entitled to one vote in the resolutions of the Company's General Shareholders' Meetings.

**Paragraph Three.** The shares shall be indivisible in relation to the Company. When the share belongs to more than one person, the rights granted to it shall be exercised by the representative of the condominium.

**Paragraph Four.** The shares are book-entry shares and shall be maintained in a deposit account in a financial institution authorized by the Brazilian Securities and Exchange Commission - CVM, on behalf of their holders, without the issuance of certificates. Transfer and approval costs, as well as services related to the shares held on custody, may be charged from the shareholder.

**Paragraph Five.** The issuance of beneficiary parties by the Company is prohibited.

**Article 7.** The Company is authorized to increase the capital stock up to the limit of four billion reais (R\$ 4,000,000,000.00), regardless of statutory amendment, by resolution of the Board of Directors, to whom it shall also be incumbent upon to set forth the issuance conditions, including price, term and form of payment. In the event of subscription with



payment in assets, the decision shall be taken at the General Shareholders' Meeting, after hearing the Fiscal Council.

**Paragraph One.** The Company may issue common shares, debentures convertible into common shares and subscription bonus within the authorized capital limit.

**Paragraph Two.** At the General Shareholders' Meeting's discretion, the preemptive right may be excluded, or the term for its exercise may be reduced, in the issuances of shares, debentures convertible into shares and subscription bonus, whose placement is made by means of sale on a stock exchange or public subscription, under the terms of law, and within the authorized capital limit.

**Article 8.** The Company may, by resolution of the Board of Directors, acquire its own shares to be held in treasury and subsequent disposal or cancellation, up to the amount of the balance of profit and reserves, except the legal reserve, without decrease in the capital stock, in compliance with the applicable legal and regulating provisions.

**Article 9.** The Company may, by resolution of the General Shareholders' Meeting, grant a call option in favor of the managers, employees and collaborators, and this option may be extended to the managers and employees of the Company's direct or indirect subsidiaries.

### **CHAPTER III**

#### **General Shareholders' Meeting**

**Article 10.** The General Shareholders' Meeting shall take place, on an ordinary basis, within the first four (04) months following the end of each fiscal year and, on an extraordinary basis, whenever there are social concerns to be discussed and voted, and its call notice, installation and resolutions shall comply with applicable laws and the provisions set by these Bylaws.

**Sole Paragraph.** The General Shareholders' Meetings shall be called, at least, fifteen (15) consecutive days in advance, and chaired by the Chairman of the Board of Directors or, in his/her absence, by his/her alternate, with a member of the Executive Governance Office acting as secretary for the meeting.

**Article 11.** To participate in the General Shareholders' Meeting, the shareholder must send to the Company, at least three (03) consecutive days in advance of the meeting date (included) the following information: (i) a receipt issued by the depositary financial institution of the book-entry shares held by the shareholder or in custody, pursuant to the Article 126 of the Brazilian Corporations Law; (ii) a power of attorney letter, duly regulated under the terms of law and of these Bylaws, in situations of shareholder representation. The shareholder, or the legal representative, must provide their personal identification document to attend the General Shareholders' Meeting.



**Sole Paragraph.** The shareholder may be represented at the General Shareholders' Meeting by an attorney in fact, having been constituted no longer than one (01) year, and must be a shareholder, manager of the Company, attorney, financial institution or a manager of investment funds with representation rights of such funds.

**Article 12.** The resolutions of the General Shareholders' Meeting, except in special situations provided for by law and pursuant to these Bylaws, shall be taken by absolute majority vote, not computing the blank votes.

## **CHAPTER IV**

### **Management**

#### **Subsection I**

#### **General Rules**

**Article 13.** The Company shall be managed by a Board of Directors and a Board of Executive Officers, with powers granted by the applicable law and pursuant to these Bylaws.

**Sole Paragraph.** The management's term of office is conditioned to the signing of the Instrument of Investiture, which must contemplate their subjection to the arbitration clause referred to in Article 89 of these Bylaws.

**Article 14.** The positions of Chairman of the Board of Directors and Chief Executive Officer may not be occupied by the same person.

**Article 15.** The Company may, under the terms of these Bylaws, hire, in favor of the members of statutory bodies, insurance to cover liability arising from the exercise of their positions.

#### **Subsection II**

#### **Requirements and Prohibitions for Management**

**Article 16.** The members of the Company's management must meet the following mandatory requirements:

- I - have a good reputation;
- II - have knowledge that is compatible with the position for which he/she was indicated;
- III - have academic background that is compatible with the position for which he/she was indicated; and
- IV - have, at least, one of the professional experiences listed below:
  - a) ten years of experience, in the public or private sector, in the sectors in which COPASA MG operates, or in the department for which he/she was indicated due to the requirements necessary for senior management;

- b) four years of experience as a director, member of a board of directors, member of an audit committee or as a senior management position in a company of similar size or corporate purpose as COPASA MG, being understood that a senior management position is considered as being up to two hierarchical levels below a company's highest non-statutory position;
- c) four years of experience in a commission or trusted role in the public sector, equivalent to, at least, the fourth highest hierarchical level, or above, of the Steering and Advisory Group of the Direct Administration, Autarchic and Foundational Management of the State of Minas Gerais;
- d) four years of experience as professor or researcher, of undergraduate level or above, in the sectors in which COPASA MG operates; or
- e) four years of experience as an independent professional in a position that is related to the one to be held at COPASA MG.

**Paragraph One.** Academic background must be in an undergraduate or post-graduate course that is recognized and accredited by the Ministry of Education.

**Paragraph Two.** The experiences mentioned in the separate items of section IV of the *caput* may not be accumulated with the required period of experience.

**Paragraph Three.** The experiences mentioned in the same paragraph of section IV of the *caput* may be accumulated with the required period of experience, provided they relate to different periods.

**Paragraph Four.** Only natural persons may be elected for positions of administration.

**Paragraph Five.** All members of management must reside in the Country.

**Article 17.** Indications to the Board of Directors and to the Board of Executive Officers are prohibited under the following circumstances:

- I - individuals who are representatives of regulatory bodies to which COPASA MG is subject to;
- II - individuals holding positions such as Minister of State, State Secretary and Municipal Secretary;
- III - individuals holding positions as commissioner of public administration, direct or indirectly, without a permanent binding relationship with public office;
- IV - a statutory officer of a political party and mandated in the Legislative Branch of any federative body, even if licensed;
- V - relatives or related persons up to the third degree of the individuals mentioned in items I, II, III and IV of this Article;





VI - individuals who have acted, in the last thirty-six months, as a participant in the decision-making structure of a political party;

VII - individuals who have worked, in the last thirty-six months, in the organization, structuring and conducting of electoral campaigns;

VIII - individuals holding positions in trade union organizations;

IX - a natural person who has signed a contract or partnership, as supplier or buyer, claimant or offeror, of goods or services of any nature, with the State of Minas Gerais and/or COPASA MG, in the three years prior to the date of his appointment;

X - individuals with conflicts of interests or who may come to have conflicts of interests with the State of Minas Gerais or COPASA MG;

XI - individuals who classify under any of the ineligibility situations provided for in conditions under item I of the *caput* of Article 1 of Complementary Law No. 64, dated May 18, 1990;

XII - individuals convicted of crimes such as bankruptcy, prevarication, bribery, extortion, embezzlement, against the popular economy, public faith or property, or criminal penalty that prevents, even temporarily, access to public office;

XIII - individuals declared unsuitable by the Comissão de Valores Mobiliários - CVM.

**Paragraph One.** The restrictions contained in item III of the *caput* is applicable to public service employees (or retirees) even if he/she holds a position in the direct or indirect federal public administration commission.

**Paragraph Two.** The provisions of this Article shall apply to members of management who represent employees and minority shareholders.

**Paragraph Three.** The elected members of management must participate, upon signing the Instrument of Investiture and annually, in specific training sessions, pursuant to Article 40 of State Decree No 47.154/2017 under penalty of not being able to be reelected if they do not participate in annual training provided by the Company in the last two (02) years.

### **Subsection III**

#### **Verification of Requirements and Prohibitions for Management**

**Article 18.** Pursuant to the Policy for the Eligibility of Statutory Members of COPASA MG, the requirements and prohibitions applicable to members of management must be respected in all appointments and elections, including in situations of reelections.

**Sole Paragraph.** The aforementioned requirements will be evidenced by filling out the Statutory Members Eligibility Form, to be submitted along with other required documentations.





**CHAPTER V**  
**Management Bodies**  
**Subsection I**  
**Board of Directors**

**Article 19.** The Board of Directors shall be comprised of at least seven (07) and at most eleven (11) members, of which one shall be the Chairman, one shall be the Vice Chairman, all being elected at the General Shareholders' Meeting and dismissed by it at any time, in observance to the Eligibility Policy for Statutory Members of COPASA MG.

**Paragraph One.** The General Shareholders' Meeting shall resolve on the number of positions to be filled for the Company's Board of Directors for the respective office term, by absolute majority vote, not considering blank votes.

**Paragraph Two.** The following members are guaranteed members of the Board of Directors:

I - 1 (one) employee representative, according to specific regulation;

II - at least one (01) minority shareholder representative, elected pursuant to terms provided in Federal Law 6.404/1976.

**Article 20.** The members of the Board shall be elected for a unified term of 2 (two) years, with a maximum of three (03) consecutive renewals being allowed, considering that previous terms occurred within less than two (02) years.

**Paragraph One.** Once achieving the maximum term referred to in the *caput*, a member may only return to the Board of Directors of COPASA MG after two (2) years.

**Paragraph Two.** The members of the Board of Directors shall remain in office until the election and subsequent start of the term of office of their successors.

**Paragraph Three.** Prior office terms will be added to the current term if they occurred within the past two (02) years.

**Article 21.** The Board of Directors shall be comprised of, at least, twenty-five percent (25%) of independent members, who must be expressly declared as such at the General Shareholders' Meeting which elects them.

**Paragraph One.** An independent member is an individual who:

I - does not have any connection with the Company, except interest in the capital stock;

II - is not a spouse, blood relative or relative, up to the third degree or by adoption, of a head of the Executive Branch, Minister of State, Secretary of State, Federal District or Municipality or administrator of the Company;



III - has not maintained, over the past three (03) years, a bonding relationship of any nature with COPASA MG or with the State of Minas Gerais, which may jeopardize his/her independence;

IV - is not, nor has been, over the past three (03) years, an employee or officer of the Company, its affiliates or subsidiaries or of a company controlled by it, unless the binding relationship has been exclusively with public educational institutions or research institutions;

V - is not a supplier or buyer, directly or indirectly, of services or products of the Company, in a way that implies loss of independence;

VI - is not an employee or administrator of a company or entity that is offering or demanding services or products to the Company, in a way that implies loss of independence;

VII - does not receive any other compensation from the Company other than for the position of officer, with the exception of cash values arising from stakes in equity capital.

**Paragraph Two.** In the event that the calculation of the number of Independent Directors results in a fractional number, rounding will be done to the next higher number.

**Paragraph Three.** The independent members will be those elected by minority shareholders and not those elected by the employees.

**Article 22.** In the event of vacant position on the Board of Directors, the alternate member to the vacation position may be appointed by the other members to complete the respective term of office until the next General Shareholders' Meeting, observing the Eligibility Policy for Statutory Members.

**Paragraph One.** In the event of vacancy position of the representative of minority shareholders that results in the non-compliance with the required percentage of independent members or with the required number of employee representatives, a new General Shareholders' Meeting shall be called to elect them, observing the Eligibility Policy for Statutory Members.

**Paragraph Two.** In the event of vacant positions for the majority of positions of the Company's Board of Directors, a new General Shareholders' Meeting will be called to proceed with a new election.

**Article 23.** The Board of Directors shall meet regularly once a month, in accordance with a previously approved meeting schedule, and shall meet extraordinarily whenever deemed necessary.

**Paragraph One.** The Board of Directors' meetings shall preferably be held at the Company's headquarters.



**Paragraph Two.** The Board of Directors' meetings may be held by conference call, videoconference or other means of communication.

**Paragraph Three.** A board member's participation in meetings, pursuant to Paragraph Two of this Article, shall be considered as an in-person attendance.

**Article 24.** The Board of Directors' meetings shall be convened by its Chairman, or Vice-Chairman, by means of a notice sent at least five (05) days in advance along with the agenda with the matters to be discussed.

**Sole Paragraph.** In urgent situations, Board of Directors' meetings may be called by the Chairman without observing the period of advanced notice above, provided that all other members of the Board are aware of the meeting, which will be considered as a regular meeting if all board members are present.

**Article 25.** The Board of Directors' meetings shall only be instated with the attendance of the majority of its sitting members.

**Paragraph One.** The Board of Directors' meetings shall be chaired by the Chairman of the Board of Directors with a member of the Executive Governance Office acting as secretary.

**Paragraph Two.** In the event of the temporary absence of the Chairman of the Board of Directors, these meetings shall be chaired by the Vice-Chairman or, in his/her absence, by a member chosen by a majority vote among the other board members.

**Paragraph Three.** In the absence of any member of the Board of Directors, the Board may, depending on the agenda of the meeting, formally express the vote of the absent member, provided a proof of the voting instruction is received by the meeting date.

**Paragraph Four.** The members of the Board of Directors may not be unjustifiably absent from exercising their roles, under penalty of being dismissed from office.

**Article 26.** The resolutions at the Board of Directors' meetings shall be taken by majority vote of attending members and members expressed in Article 25, Paragraph Three of these Bylaws. In the case of a tie, the Chairman will cast a tie-breaking vote.

**Article 27.** At the end of the meeting, minutes shall be drawn up and signed by all board members who physically attended the meeting.

**Paragraph One.** The votes cast by members who participated remotely in a Board of Directors' meeting, or who have manifested themselves according to Article 25, Paragraph Three of these Bylaws, shall be highlighted and attached to the respective minutes.

**Paragraph Two.** The minutes of the Board of Directors' meeting containing deliberations with effects on third parties must be published and filed in the public registry of commercial companies.

**Article 28.** The Board of Directors, without prejudice to other powers provided for in applicable legislation, has the following responsibilities:

I - establish the general guidelines of the Company's business, define its mission and its strategic objectives;

II - approve the business plan for the following fiscal year and the Company's long-term strategy;

III - approve, as proposed by the Board of Executive Officers, the strategic planning, multiannual plans, investment programs, business budget, as well as any revisions of such items;

IV - approve the budget for Committees linked to the Board of Directors and Statutory Units;

V - elect and remove Executive Officers to and from the Company, as well as members of Committees that are linked to the Board of Directors;

VI - establish the attributions of the Officers, as well as define the matters, organizational units and the responsibilities of their position, observing the applicable provisions provided in these Bylaws;

VII - approve the commitment to specific goals and results taken on by members of the Board of Executive Officers, as well as to supervise their completion;

VIII - promote, on an annual basis, the analysis on the achievement of goals and results related to the execution of the business plan and the long-term strategy, as well as publish the results and inform them to the Legislative Assembly of the State of Minas Gerais and to the Court of Accounts of the State of Minas Gerais, under penalty for omission by the members of the Board of Directors;

IX - supervise the Board of Executive Officers, examining, at any time, the Company's accounting books, request information on agreements signed, or under negotiations, as well as perform any other acts related to their duties;

X - evaluate, on an annual basis, the individual and collective performance of the Executive Officers and members of Committees linked to the Board of Directors, observing the following minimum requirements for Executive Officers:

a) all acts practiced must be in compliance with the lawfulness and effectiveness of their administrative roles;

b) the contribution to the results of the fiscal period;



c) the achievement of the objectives established in the business plan and fulfillment of the long-term strategy.

XI - approve the Company's policies and regulations, as well as its Organization Manual;

XII - approve the Company's Career, Position and Wage Plan, as well as to express an opinion on the increase in the number of employees, the granting of benefits and advantages, including the alteration of amounts paid as compensation for commissioned or unrestricted positions and compensation to Executive Officers, when applicable;

XIII - provide opinions on the financial statements (balance sheet, income statement, annual management report, notes to the financial statements and other accounting documents) to be submitted to the General Shareholders' Meeting;

XIV - call the General Shareholders' Meeting pursuant to provisions provided by law or when deemed necessary;

XV - approve and monitor decisions involving corporate governance practices, stakeholder relationships, people management policy and code of conduct;

XVI - subscribe and disclose the Annual Letter of Public Policies and the Annual Letter of Corporate Governance;

XVII - implement and supervise the risk management and internal control systems established for the prevention and mitigation of the main risks to which the Company is exposed to, including risks related to the integrity of the accounting and financial information and risks related to corruption and fraud;

XVIII - approve the methodology to be applied in economic-financial feasibility studies, as well as the calculation methodology for the Company's cost of capital and the periodicity of its revision;

XIX - authorize, prior to execution, all legal transactions with amounts exceeding sixteen million reais (R\$16,000,000.00), limited to two hundred million reais (R\$200,000,000.00), including taking out of loans and financings and the assumption of obligations in general;

XX - authorize, as proposed by the Board of Executive Officers, the removal of fixed assets in amounts exceeding one million reais (R\$1,000,000.00), by means of sales, destruction and/or losses;

XXI - authorize, as proposed by the Board of Executive Officers, the sale, acquisition, constitution of real encumbrances, as well as the constitution of liens over properties to third parties in amounts exceeding one million reais (R\$1,000,000.00);

XXII - authorize the sale of assets and granting of liens to third parties in amounts exceeding one million reais (R\$1,000,000.00);



XXIII - authorize, as proposed by the Board of Executive Officers, the filing of lawsuits and the conclusion of judicial and extrajudicial agreements in amounts equal to or exceeding three million reais (R\$3,000,000.00), and limited to one hundred million reais (R\$100,000,000.00);

XXIV - resolve on the creation of wholly-owned subsidiaries, as well as on the participation of COPASA MG or its subsidiaries in other companies, either through majority or minority stakes;

XXV - authorize the engagement and dismissal of independent auditors;

XXVI - authorize the hiring, in favor of the members of the statutory bodies, insurance to cover liability arising from the exercise of their positions;

XXVII - authorize the donation, to the municipality, of areas valued up to one million reais (R\$1,000,000.00) for the establishment or expansion of water supply, sanitary sewage or solid waste systems, when ownership of the property is conditioned to the transfer of financial resources from public agencies to fund the works;

XXVIII - dispose on the order of its activities and establish the rules governing its operation, observing the provisions set forth in these Bylaws.

**Paragraph One.** The mandatory disclosure of information referred to in item VIII does not include information of strategic nature in which its content may harm the Company's interests.

**Paragraph Two.** In situations where the amounts are above the limits foreseen in items XIX, XXIII and XXVII, the General Shareholders' Meeting must resolve on the matter.

**Article 29.** It is the Board of Directors' responsibility to resolve on the following matters:

I - propose for resolution at the General Shareholders' Meeting the distribution of dividends and/or interest on equity and the allocation to be given to the remaining balance of the income for each year, including employees' profit sharing;

II - acknowledge the Company's quarterly results;

III - submit proposals to the General Shareholder's Meeting regarding capital increases above the authorized capital limit, or with payment in assets, as well as amendments to the Bylaws;

IV - resolve on the issue of unsecured non-convertible debentures into shares, and on the placement, pricing and payment conditions of shares, convertible debentures and subscription bonuses, within the limits of the authorized capital, inclusively for the granting of the share purchase option pursuant to these Bylaws;

V - resolve on the opportunity to issue debentures, the manner of subscription or placement and the type of debentures to be issued, the time, the payment conditions of



interest, profit sharing and reimbursement premium of debentures, if any, as well as the time and conditions of maturity, amortization or redemption of debentures;

VI - resolve on the acquisition of shares issued by the Company for purposes of cancellation or to be held in treasury, as well as on its resale or replacement in the market, in compliance with the rules issued by the CVM and other applicable legal provisions;

VII - propose to the General Shareholders' Meeting the issuance of debt securities in the international market, as well as the terms and conditions for the issuance;

VIII - resolve on the issuance of commercial papers for distribution in Brazil, as well as the terms and conditions of the issuance;

IX - propose to the General Shareholders' Meeting the issuance of commercial papers for distribution in the international market, as well as the terms and conditions of the issuance;

X - propose to the General Shareholders' Meeting the declaration of interim and periodical dividends, as well as interest on capital, under the terms of the Brazilian Corporations Law and other applicable laws.

**Article 30.** The Board of Directors may establish technical and advisory Committees to advise it, and shall be responsible for approving their respective Internal Regiments.

**Article 31.** The global or individual compensation of the Board of Directors shall be determined annually at the General Shareholders' Meeting.

**Paragraph One.** In the event that the General Shareholders' Meeting determines only the overall compensation, the Board of Directors shall decide on its respective distribution among its members.

**Paragraph Two.** Profit sharing, of any kind, to the members of the Board of Directors is prohibited.

## **Subsection II**

### **Board of Executive Officers**

**Article 32.** The Board of Executive Officers shall be comprised of a minimum of five (05) and a maximum of eight (08) members, being one Chief Executive Officers and one Vice President, elected by the Board of Directors, which will also define the scope of their duties and responsibilities.

**Sole Paragraph.** In the event a Company's employee is elected for the position of Executive Officer, his/her employment contract shall be terminated.





**Article 33.** The Board of Executive Officers shall have a unified term of two (02) years, being permitted a maximum of three (03) consecutive reelections, provided that the previous term took place no longer than two (02) years prior.

**Paragraph One.** After achieving the maximum period referred to in the *caput*, the return of the member to the Board of Executive Officers of COPASA MG may only occur after a period of two (2) years.

**Paragraph Two.** An Executive Officer may not be reelected to serve on another Board of COPASA MG.

**Paragraph Three.** The members of the Board of Executive Officers shall remain in office until the election and subsequent start of the term of office of their successors.

**Article 34.** It is an underlying condition to take term in office for the Board of Executive Officers to assume commitments towards specific goals and results to be achieved.

**Article 35.** In the event of vacant officer position, the Board of Executive Officers shall appoint an alternate among its members, who shall temporarily accumulate the functions of the vacant position until a new Executive Officer has been elected for such position.

**Article 36.** The Board of Executive Officers shall meet regularly once a week, as provided for in the meeting schedules and, extraordinarily, whenever deemed necessary.

**Paragraph One.** The Board of Executive Officers' meetings shall preferably be held at the Company's headquarters.

**Paragraph Two.** The Board of Executive Officers' meetings may be held by conference call, videoconference or other means of communication.

**Paragraph Three.** An Executive Officer's participation in meetings, pursuant to Paragraph Two of this Article, shall be considered as an in-person attendance.

**Article 37.** The Board of Executive Officers' meetings shall be convened by the Chief Executive Officer at least two (02) days in advance and the agenda with the matters to be discussed, as well as any supporting documents, must be sent to all Executive Officers by the Executive Governance office.

**Paragraph One.** In urgent situations, Board of Executive Officers' meetings may be called by the Chief Executive Officer without observing the period of advanced notice above, provided that all other members are aware of the meeting, which will be considered as a regular meeting if all board members are present.



**Paragraph Two.** The meetings may be exceptionally called by two thirds (2/3) of the Executive Officers and, in such case, an advance notice of three (3) days must be given.

**Paragraph Three.** Irrespective of the formalities provided for in this Article, a meeting attended by all Executive Officers, either by themselves or duly represented, shall be considered a regular meeting.

**Article 38.** The Board of Executive Officers' meetings shall be installed with the presence of the majority of its members in office.

**Paragraph One.** The Board of Executive Officers' meetings shall be chaired by the Chief Executive Officer and shall have a member of the Executive Governance Office acting as secretary.

**Paragraph Two.** In case of a temporary absence of the Chief Executive Officer, the meetings shall be chaired by a member chosen by the Chief Executive Officer.

**Paragraph Three.** In the absence of any member of the Board of Executive Officers, the Board, depending on the agenda of the meeting, formally express the vote of the absent member, provided a proof of the voting instruction is received by the meeting date.

**Paragraph Four.** The members of the Board of Executive Officers may not be unjustifiably absent from exercising their roles, under penalty of being dismissed from office.

**Article 39.** The resolutions at the Board of Executive Officers' meetings shall be taken by majority vote of attending members, or who have expressed their vote pursuant to Article 38, Paragraph Three, of these Bylaws. In the case of a tie, the Chief Executive Officer will cast a tie-breaking vote.

**Article 40.** At the end of the meeting, minutes shall be drawn up and signed by all members who physically attended the meeting.

**Sole Paragraph.** The votes cast by members who participated remotely in a Board of Executive Officers' meeting, or who have manifested themselves according to Article 38, Paragraph Three of these Bylaws, shall be highlighted and attached to the respective minutes.

**Article 41.** The Board of Executive Officers is responsible for managing the Company's business affairs and, in the exercise of this duty, must comply with and enforce the laws, the rules of these Bylaws, the resolutions taken at the General Shareholders' Meeting and by the Board of Directors, its Internal Regime and good corporate governance practices, for the benefit of the Company and the public interest that justified its creation.

**Article 42.** The Board of Directors, without prejudice to other powers provided for in applicable legislation, has the following responsibilities:

I - recommend for approval by the Board of Directors the strategic planning, the business plan for the following fiscal year and the updated long-term strategy which includes risk and opportunities analysis for, at least, the upcoming five (5) years;

II - recommend for approval by the Board of Directors the investment program and the Company's operating budget, as well as the updates and revisions of such information;

III - approve the renewals and new concessions in which the Net Present Value - NPV is a positive result, according to the economic and financial feasibility study and, in the cases of negative NPV, submit for resolution by the Board of Directors;

IV - authorize, prior to the execution, all legal transactions with amounts exceeding two million and five hundred thousand reais (R\$2,500,000.00), limited to sixteen million reais (R\$16,000,000.00), including taking out of loans and financings and the assumption of obligations in general;

V - authorize the sale of assets and granting of liens to third parties in amounts exceeding fifty thousand reais (R\$50,000.00), limited to one million reais (R\$1,000,000.00);

VI - authorize the removal of fixed assets in amounts exceeding fifty thousand reais (R\$50,000.00), limited to one million reais (R\$1,000,000.00), by means of sales, destruction and/or losses;

VII - authorize the sale, acquisition, constitution of real encumbrances, as well as the constitution of liens over properties to third parties in amounts exceeding fifty thousand reais (R\$50,000.00), limited to one million reais (R\$1,000,000.00);

VIII - authorize the exclusion of fixed assets due to their uselessness;

IX - authorize grants to charitable entities in accordance with the criteria and limits defined by the Company;

X - authorize donations of uselessness items in accordance with the criteria and limits defined by the Company;

XI - authorize the filing of lawsuits, administrative proceedings and the conclusion of judicial and extrajudicial agreements, in amounts equal to or exceeding fifty thousand reais (R\$50,000.00), limited to three million reais (R\$3,000,000.00);

XII - authorize the Company's accounting provisions, regardless of their amount, as proposed by the Chief Financial and Investor Relations Officer;

XIII - authorize the transfer of assets to Concessionaires of Electric Energy in amounts exceeding fifty thousand reais (R\$50,000.00), in compliance with the legislation governing the matter;

XIV - approve the hiring of a depositary institution to provide book entry services, reporting this decision directly to the Board of Directors;

XV - approve the implementation and modification of the Company's Rules of Procedures.



**Article 43.** The Chief Executive Officer has the following responsibilities:

I - manage the company, assuring that the decisions and guidelines of the Board of Directors and the General Shareholders' Meeting are dutifully observed;

II - coordinate the Company's global planning, including the elaboration of business plans and annual budgets, including the Company's multi-annual operational and investment plans to be submitted to the Board of Directors, and guide the Company's works;

III - call and chair the Board of Executive Officers' meetings;

IV - define the Company's basic guidelines for personnel management and approvals;

V - prepare the Company's organization plan and issue the corresponding rules;

VI - provide other attributions of the Company's interest to the Executive Officers, in compliance with the provisions of these Bylaws and the resolutions of the Board of Directors;

VII - approve all the other necessary or convenient acts, except those to which these Bylaws attributes the approval to the Board of Executive Officers as a joint committee.

**Article 44.** Each individual Executive Officer has the following responsibilities:

I - perform the duties related to their operational area, being responsible for complying with the resolutions and guidelines determined by the Board of Directors and at the General Shareholders' Meeting;

II - attend the Board of Executive Officers' meetings, contributing to the definition of policies to be followed by the Company and reporting matters of their respective divisions;

III - perform all other attributions given by the Chief Executive Officer or by the Board of Directors.

**Paragraph One.** The Executive Officers, in addition to their own duties and responsibilities, will be managers of the areas assigned to them by the Board of Directors.

**Paragraph Two.** In addition to these responsibilities, the Chief Financial and Investor Relations Officer shall be responsible for providing information to investors in general, to the Brazilian Securities and Exchange Commission (CVM), to the stock exchanges or over-the-counter markets, domestic and abroad, as well as to the related regulatory bodies, and maintain the Company's records with those institutions updated.

**Article 45.** The Company shall be considered obligated when represented:

I - by the Chief Executive Officer jointly with another Executive Officer or with one (01) attorney in fact with special powers duly constituted;



II - by two (02) Executive Officers, indistinctively, or by one (01) Executive Officer jointly with one (01) attorney in fact duly constituted, for the Company's financial transactions, exchange acceptances and endorsements;

III - by two (02) attorneys in fact jointly, with special powers, duly constituted;

IV - by one (01) single Executive Officer or one (01) attorney in fact with special powers, duly constituted, for the practice of the following acts:

a) representation of the Company before any federal, state and municipal public bodies, class entities, as well at the General Shareholders' Meetings of the companies in which the Company has equity stakes;

a) endorsement of checks for deposit in the Company's bank accounts;

b) bank account transactions outside of the Company's headquarters; and

a) representation of the Company before unions or Labor Court, for matters of hiring, suspension or lay-off of employees, and for labor agreements.

V - by one (01) Executive Officer jointly with one (01) Supervisory Board Member, to practice the following acts:

a) enter into agreements for: technical and scientific cooperation that does not result in burdens for the Company; sponsorship of social welfare entity; transfer of the amounts collected by the program CONFIA EM 6%; or any other program replacing it;

a) enter into the following agreements: energy supply; rental; services provided by COPASA MG; establishment of subsidy to social welfare entities; settlement of accounts; assignments, permission or concession of use free of charge to COPASA MG; commitment and responsibility instrument for the use or occupancy of right-of-way; registering instrument; payment instrument; and material deposit instrument.

VI - by an individual occupying a Management position, when powers have been duly delegated by the Board of Executive Officers, by virtue of the amount or object, to respond to matters and enter into legal agreements, provided that such powers are limited to the individual and provided for in the Company's Organization Manual.

**Sole Paragraph.** The powers of attorney shall be granted on behalf of the Company and signed by the Chief Executive Officer, jointly with another Executive Officer, specifying the powers granted and, except those for court purposes, shall be valid for no longer than one (01) year.

**Article 46.** The global or individual compensation of the Board of Executive Officers shall be determined annually at the General Shareholders' Meeting.



**Sole Paragraph.** In the event that the General Shareholders' Meeting determines only the overall compensation, the Board of Directors shall decide on its respective distribution among the Executive Officers.

**Article 47.** The Executive Officers shall be entitled to a paid leave of up to thirty (30) days, consecutive or not at every calendar year, granted by the Executive Board, non-cumulative, including paid vacations.

**Sole Paragraph.** The Board of Executive Officer is responsible for appointing, among its members, an interim alternate to perform the duties of the absent member.

**Article 48.** The Executive Officers shall be entitled to, during their term of office, a non-paid leave of up to ninety (90) days, consecutive or not, granted by the Board of Directors.

**Sole Paragraph.** The Board of Directors, by appointment of the Chief Executive Officer, to elect an interim alternate to perform the duties of the absent member during his/her leave, in compliance with the criteria for indication and eligibility.

## **CHAPTER VI**

### **Fiscal Council**

**Article 49 .** The Fiscal Council will operate on a permanent basis and shall be comprised of three (03) to five (05) members, with the same number of alternates, of which one member shall be the Chairman and one member shall be the Vice Chairman, elected at the General Shareholders' Meeting.

**Paragraph One.** The Fiscal Council shall have at least one (1) member appointed by the State of Minas Gerais, who shall be a public servant with permanent relationship with the Public Administration.

**Paragraph Two.** One of the Fiscal Council members is guaranteed as a representative of minority shareholders, elected pursuant to Federal Law 6.404/1976 and in accordance with the Eligibility Policy for Statutory Members of COPASA MG.

**Article 50.** The Fiscal Council members shall be elected for a term of office of two (02) years, with a maximum of two (02) consecutive reelections being allowed, provided that the previous term took place no longer than two (02) years prior.

**Paragraph One.** After achieving the maximum period referred to in the *caput*, the return of the member to the Fiscal Council of COPASA MG may only occur after a period of two (2) years.

**Paragraph Two.** The members of the Fiscal Council shall remain in office until the election and subsequent start of the term of office of their successors.





**Article 51.** The members of the Fiscal Council of COPASA MG must comply with the following requirements:

- I - be a natural person, resident in the Country and have a good reputation;
- II - have an academic background that is compatible with the position;
- III - have professional experience of, at least, three (03) years in the following roles:
  - a) management or advisor in public administration, directly or indirectly; or
  - b) fiscal counselor or business manager;
- IV - must not classify in the restrictions contained in Article 162, Paragraph 2, of the Brazilian Corporations Law;

**Paragraph One.** Academic background must be in an undergraduate or post-graduate course that is recognized and accredited by the Ministry of Education.

**Paragraph Two.** The experiences mentioned in the separate items of section III may not be accumulated with the required period of experience, except if they are related to different periods.

**Article 52.** The term of office of the members of the Fiscal Council is conditioned to the signing of the Instrument of Investiture, which must contemplate their subjection to the arbitration clause referred to in Article 89 of these Bylaws.

**Paragraph One.** The elected members of the Fiscal Council must participate, upon signing the Instrument of Investiture and annually, in specific training sessions, pursuant to Article 40 of State Decree No 47.154/2017 under penalty of not being able to be reelected if they do not participate in annual training provided by the Company in the last two (02) years.

**Paragraph Two.** The individual and collective performance of the Fiscal Council shall be evaluated annually, in accordance with the provisions set in their Internal Regiments.

**Article 53.** In the event of temporary absence of any member of the Fiscal Council, he/she shall be replaced by the respective alternate member.

**Article 54.** In case of a vacant position in the Fiscal Council, this body may call an Extraordinary Shareholders' Meeting, pursuant to Article 163, Paragraph V, of Federal Law 6.404/1976, with the purpose of electing a new member, and it's respective alternate, until the end of term of office of the Fiscal Council.

**Sole Paragraph.** In the event of vacancy of a representative of minority shareholders that implies the noncompliance with the required minimum number of representatives, a new Shareholders' Meeting shall be convened to elect a new member for the position, in observance with the Eligibility Policy for Statutory Members of COPASA MG.





**Article 55.** The Fiscal Council shall meet regularly once a month, in accordance with a previously approved meeting schedule, and shall meet extraordinarily whenever deemed necessary.

**Paragraph One.** The Fiscal Council's meetings shall preferably be held at the Company's headquarters.

**Paragraph Two.** The Fiscal Council's meetings may be held by conference call, videoconference or other means of communication.

**Paragraph Three.** The participation of a member of the Fiscal Council in meetings, pursuant to Paragraph Two of this Article, shall be considered as an in-person attendance.

**Article 56.** The meetings of the Fiscal Council shall be convened by its Chairman or by its Vice Chairman, by means of a notice sent at least five (05) days in advance and the agenda with matters to be discussed.

**Sole Paragraph.** In urgent situations, Fiscal Council's meetings may be called by the Chairman without observing the period of advanced notice above, provided that all other members of the Fiscal Council are aware of the meeting, which will be considered as a regular meeting if all members are present.

**Article 57.** The Fiscal Councils meetings shall be installed with the presence of the majority of its members in office, including alternates to the sitting members.

**Paragraph One.** The Fiscal Council's meetings shall be chaired by the Chairman of the Fiscal Council and shall have a member of the Executive Governance Office acting as secretary.

**Paragraph Two.** In the event of the temporary absence of the Chairman of the Fiscal Council, these meetings shall be chaired by the Vice-Chairman or, in his/her absence, by a member chosen by a majority vote among the other council members.

**Paragraph Three.** In the absence of any member of the Fiscal Council, the Council may, depending on the agenda of the meeting, formally express the vote of the absent member, provided a proof of the voting instruction is received by the meeting date.

**Paragraph Four.** The members of the Fiscal Council may not be unjustifiably absent from exercising their roles, under penalty of being dismissed from office.

**Article 58.** The resolutions at the Board of Executive Officers' meetings shall be taken by majority vote of attending members, or who have expressed their vote pursuant to Article 57, Paragraph Three, of these Bylaws. In the case of a tie, the Chief Executive Officer will cast a tie-breaking vote.

**Article 59.** At the end of the meeting, minutes shall be drawn up and signed by all members who physically attended the meeting.

**Paragraph One.** The votes cast by members who participated remotely in a Fiscal Council meeting, or who have manifested themselves according to Article 57, Paragraph Three of these Bylaws, shall be highlighted and attached to the respective minutes.

**Paragraph Two.** The minutes of the Fiscal Council's meeting containing deliberations with effects on third parties must be published and filed in the public registry of commercial companies.

**Paragraph Three.** The Fiscal Council may admit other participants to its meetings, for the purpose of providing clarifications of any nature, however, such participants may not vote.

**Article 60.** The Fiscal Council, without prejudice to other powers provided for in applicable legislation, has the following responsibilities:

I - supervise, by any of its members, the acts of Management and verify the compliance with their legal and statutory duties;

II - provide an opinion on the management's annual report, stating in the opinion the additional information deemed necessary or useful for the resolutions to be taken at the General Shareholders' Meeting;

III - provide an opinion on the management proposals to be submitted to the Shareholders' Meeting on changes to share capital, issuance of debentures or subscription bonuses, investment plans or capital budget, distribution of dividends, transformation, merger or spin-off;

IV - report errors, frauds or crimes, suggesting useful measures to the administrative bodies and, if they do not take the necessary measures, to the Shareholders' Meeting;

V - call a General Shareholders' Meeting, if the management bodies delay the call it for more than one month, and call Extraordinary Shareholders' Meetings whenever there are serious or urgent matters to be discussed, including such matters on the meeting's agenda;

VI - analyze, at least quarterly, the balance sheets and other financial statements prepared periodically by the Company;

VII - examine the financial statements for the end of the fiscal year and provide an opinion, after such statements have been analyzed by the Board of Directors of COPASA MG;

VIII - carry out these duties during settlement, in view of the special provisions that regulate it;



IX - at the request of any of its members, require from the management bodies clarifications or information, as far as their supervisory function is concerned, as well as the elaboration of special financial or accounting statements. The opinions and representations of the Fiscal Council, or any of its members, may be presented and read at the Shareholders' Meetings, regardless of publication and even if the matter is not on the agenda;

X - the members of the Fiscal Council shall attend the COPASA MG's Board of Directors' meetings which resolve on matters in which they should comment (items II, III and VII of this chapter). The absence of the counselors will be characterized as omission to the fulfillment of their duties, providing their responsibilities in Article 165 of Federal Law 6.404/1976;

XI - request, by any of its members, clarifications or information from the independent auditors that are deemed necessary, as well as determine specific facts;

XII - provide to the shareholder or group of shareholders representing at least five percent (5%) of the share capital, whenever requested, information on matters within its scope.

**Article 61.** The compensation of the members of the Fiscal Council shall be determined by the General Shareholders' Meeting that elects them, respecting all legal limits.

**Paragraph One.** The compensation of the Fiscal Counselors shall be composed of a fixed monthly payment of fifty percent (50%) and another variable payment of fifty percent (50%), according to their participation in regular meetings.

**Paragraph Two.** The alternate Counselors will be entitled to variable compensation when they replace their respective sitting member at regular meetings.

## **CHAPTER VII**

### **Statutory Audit Committee**

**Article 62.** The Audit committee, an advisory body directly linked to the Board of Directors and elected by it, shall be composed of a minimum of three (03) and a maximum of five (05) members, most of them independent.

**Paragraph One.** An independent member is one that meets the provisions in Article 21, Paragraph One, these Bylaws, and the provisions of section VII.

**Paragraph Two.** At least one (1) of the members of the Committee shall be a member of the Company's board of directors.

**Article 63.** Members of the Audit Committee shall meet the following conditions:



I - must not be or have been, over the past the twelve (12) months prior to his/her appointment to the Committee:

- a) a director, employee or member of the fiscal council of COPASA MG, its subsidiary, affiliate or company in common ownership, directly or indirectly;
- b) a technical director, director, manager, supervisor or any role managing a team involved in the audit works at COPASA MG;

II - must not be a spouse or relative, by blood or adoption, up to the second degree, of the persons referred to in subsection I;

III - must not receive any other type of compensation by COPASA MG, its subsidiary, affiliate or company under common control, directly or indirectly, other than that related to their position as member of the Committee;

IV - must not be or have been a holder of effective public office, even if licensed, or a commissioned position in the direct state public administration, in the last twelve (12) months prior to their appointment to the Committee;

V - meet the requirements set forth in the paragraphs of Article 147 of Federal Law 6.404/ 1976.

**Paragraph One.** The members of the Committee should have professional experience or academic background compatible with their position, preferably in the areas of accounting, auditing or in the Company's sector and have knowledge in auditing, compliance, controls, accounting, risks and similar or experience in such activities, and at least one of the members must have recognized professional experience in corporate accounting matters.

**Paragraph Two.** Compliance with the provisions of this Article shall be evidenced by documentation maintained at the headquarters of COPASA MG for a minimum period of five (05) years, counted from the last day of the member's term of office.

**Article 64.** The terms of office of members of Audit Committee who are not members of the Board of Directors shall be three (03) years, and shall not coincide among all members.

**Paragraph One.** The Board of Directors may establish a term of less than three (03) years for the purposes of non-coincidence among members, maintaining a period of three (03) years in case of re-election of non-members of the Board of Directors.

**Paragraph Two.** The Audit Committee member who is also part of the Board of Directors shall have its term of office limited to its term of office in this body.

**Paragraph Three.** In the course of their management, Audit Committee members may only be dismissed in the following situations:

- I - death or resignation;



II - unjustified absence of twenty percent (20%) of meetings in each period;

III - leave from the exercise of their functions for more than sixty (60) consecutive days, except in the case of leaves granted by the Board of Directors; or

IV - justified vote of the absolute majority of the Board of Directors.

**Paragraph Four.** In the event of vacant member positions to the Committee, the Board of Directors will be responsible for electing a new member to complete the mandate.

**Paragraph Five.** The member elected pursuant to Paragraph Four of this Article shall have his/her term of office date set as the initial term of office date of the member he/she replaced.

**Article 65.** The Committee shall have the means to receive reports, including those of a confidential nature, internal and external to the Company, in matters related within the scope of its activities.

**Article 66.** The minutes of the Committee's meetings shall be disclosed by COPASA MG.

**Sole Paragraph.** In the event that the Board of Directors considers that the disclosure of the minutes of the Committee meetings may jeopardize the legitimate interests of COPASA MG, only a statement will be disclosed.

**Article 67.** The functioning of the Committee shall be established by Internal Regiments and meetings shall be held whenever necessary, at least bimonthly, so that the accounting information is appraised before its disclosure.

**Article 68.** In order to carry out its functions, the Committee shall have access to the information it needs and shall have operational autonomy and annual or project budget allocation, within the limits approved by the Board of Directors, to conduct or determine the conduct of consultations, evaluations and investigations related to its activities, including the hiring and use of independent external experts.

**Article 69.** The Committee has the following responsibilities:

I - provide opinion on the hiring and dismissal of an independent auditor;

II - supervise the activities of independent auditors and evaluate their independence, the quality of the services provided and the adequacy of such services to the needs of COPASA MG and its subsidiaries;

III - supervise the activities carried out in the areas of internal control, internal audit and preparation of the financial statements of COPASA MG and its subsidiaries;

IV - monitor the quality and integrity of the internal control mechanisms, the financial statements and the information and measurements disclosed by COPASA MG and its subsidiaries;

V - evaluate and monitor risk exposures of COPASA MG and its subsidiaries, being able to require, among other things, detailed information on policies and procedures regarding:

- a) management compensation;
- b) use of assets;
- c) costs taken out on the Company's behalf;

VI - evaluate and monitor, together with the management of COPASA MG and the internal audit area, the adequacy and disclosure of transactions with related parties;

VII - prepare the annual report with information on the activities, results, conclusions and recommendations thereof and record, if any, significant discrepancies between management, independent auditors and the Audit Committee in relation to the financial statements;

VIII - evaluate the reasonableness of the parameters underlying the actuarial calculations and the actuarial result of the benefit plans maintained by the pension fund sponsored by the Company;

IX - advise, in order to assist the shareholders, in the appointment of management and fiscal counselors on the fulfillment of the requirements and the absence of restrictions for their respective elections;

X - verify the conformity of the evaluation process of management and fiscal counselors; and

XI - provide opinions on matters submitted to it by the Board of Directors, as well as on matters considers relevant.

**Article 70.** The members of the Audit Committee are responsible for:

I - participating, upon signing the Instrument of Investiture and annually, in specific training sessions, pursuant to Article 40 of State Decree No 47.154/2017 under penalty of not being able to be reelected if they do not participate in annual training provided by the Company in the last two (02) years;

II - perform their duties in the Company's sole interest, meeting the requirements of the public good and its social function;

III - keep confidential any and all information of the Company to which he/she has access due to the exercise of his/her duties, as well as require the same confidential treatment from professional advisors, using such information only for the performance of executing his/her duties, under penalty of responding for any undue disclosure.



**Article 71.** The Audit Committee may perform their duties at the subsidiaries of COPASA MG.

## **CHAPTER VIII**

### **Internal Audit Unit**

**Article 72.** The Internal Audit unit of COPASA MG is directly linked to the Board of Directors.

**Article 73.** The Internal Audit carries out independent, objective and consulting evaluation activities aimed at adding value and improving the Company's operations, helping the Company achieve its strategic objectives and to improve the efficiency and effectiveness of controls, risk management, process performance and corporate governance.

**Sole Paragraph.** For independent performance, Internal Audit will have:

I - its own budget; and

II - specific rules to remove the Auditor General from office.

**Article 74.** The Internal Audit has the following responsibilities:

I - assist the Board of Directors, within the limits of its powers;

II - assess the adequacy of internal control, the effectiveness of risk management and governance processes and the reliability of the process of collecting, measuring, classifying, accumulating, recording and disclosing events and transactions, aiming for the preparation of financial statements;

III - examine and evaluate the adequacy, efficiency and effectiveness of the units' performance in relation to their duties and to the plans, objectives and policies of COPASA MG;

IV - investigate fraud and irregularities identified by the Internal Audit itself, from administrative demands or from complaints received;

V - prepare and submit to the Board of Directors and the Chief Executive Officer of COPASA MG the results of the audits carried out;

VI - support the Board of Director and Fiscal Council, within the limits of their powers;

VII - coordinate the relationship with the external control bodies.

**Sole Paragraph.** The Internal Audit must report to the Statutory Audit Board on the recommendations regarding noncompliance with the Code of Conduct and Integrity, if management fails to adopt necessary measures regarding a situation reported within thirty days.



**Article 75.** The Internal Audit shall be authorized to access, without restriction, any of the Company's premises, files, documents and computerized systems, and the units involved shall collaborate in the location and elaboration of information and in the interpretation of acts, data or administrative facts, when requested.

**Sole Paragraph.** The Internal Audit may request to the divisions within COPASA MG, whenever necessary or pertinent, information that must be presented in a timely and mandatory manner by the divisions' respective directors.

**Article 76.** The Internal Audit's Internal Regiment, as approved by the Board of Directors, shall govern, among other matters, the rules set forth in item II of the Sole Paragraph of Article 73, as well as in what manner the direct communication with the Fiscal Council will take place, as provided in the Sole Paragraph of Article 74.

## **CHAPTER IX**

### **Integrity and Risk Management Unit**

**Article 77.** COPASA MG will maintain a specific structure, reporting directly to the Chief Executive Officer, to perform compliance, risk management and internal control activities.

**Paragraph One.** The Chief Executive Officer may delegate a statutory director as the management of the unit, which may be performed simultaneously with his/her other duties.

**Paragraph Two.** The Head of the Integrity and Risk Management Unit shall formally communicate to the Chief Executive Officer on ongoing inquiries involving an Executive Officer, a member of the Board of Directors, the Fiscal Council, the Audit Committee, a Legal Prosecutor or the Auditor General.

**Paragraph Three.** In the event of the occurrence of Paragraph Two of this Article, the Chief Executive Officer shall formally inform the Chairman of the Board of Directors.

**Paragraph Four.** The Integrity and Risk Management Unit may report directly to the Board of Directors in situations where the Chief Executive Officer is suspected of being involved in irregularities or by failing to take the necessary measures in relation to the situation that have been reported.

**Paragraph Five.** For independent action, the Integrity and Risk Management Unit will be assured with the following:

I - its own budget; and

II - specific rules to remove the unit's manager from office;

**Paragraph Six.** The Internal Regiments of the Integrity and Risk Management Unit, as approved by the Board of Directors, will govern, among other matters, the rules set forth



in Paragraph Five, item II, of this Article, as well as how direct communication with the Board of Directors will take place, as provided in Paragraph Four of this Article.

**Article 78.** The Integrity and Risk Management Unit has the following responsibilities:

I - promote the policies of Risk Management, Internal Controls, Anti-Corruption and other policies pertaining to the Unit's performance and disseminate the culture of integrity in the organization;

II - analyze activities and actions of the various units of COPASA MG, in order to maintain their adherence to the regulations, laws, codes, norms and standards; and

III - lead and supervise the activities of risk management and implementation of internal controls.

## **CHAPTER X**

### **Fiscal Year, Income and Dividends**

**Article 79.** The fiscal year shall begin on January 1st and end on December 31st (thirty-first) of each year, when the financial statements provided for in the applicable legislation shall be prepared.

**Article 80.** The net income determined in the year shall have the following appropriation:

I - the portion of five percent (05%) shall be deduced for the constitution of the legal reserve, which shall not exceed twenty percent (20%) of the capital stock;

II - the portion corresponding to, at least, twenty-five percent (25%) of the net income, calculated on the balance obtained with deductions and additions provided for in the Article 202, I, II and III of the Corporation Law, shall be distributed to shareholders as:

III - mandatory minimum annual dividends;

IV - the remaining balance, after complying with the provisions in the previous items of this Article, shall have the appropriation determined by the Shareholders' Meeting based on the management proposal, pursuant to the provisions in the Article 176, Paragraph Three and Article 196 of the Brazilian Corporations Law, in compliance with the provisions in the Article 134, Paragraph Four of the referred Law. Should the balance of profit reserves surpass the capital stock, the Shareholders' Meeting shall resolve on the use of the excess in the payment or in the capital stock increase or, also, in the distribution of additional dividends to the shareholders.

**Article 81.** The Company may pay its shareholders interest on equity (IOE), which may be imputed to the mandatory minimum dividend.

**Article 82.** The Company may draw up mid-year or quarterly balance sheets, and it may, based on them, declare, by resolution of the Board of Directors, interim and



periodical dividends or interest on equity. The interim and periodical dividends and interest on equity provided for in this Article may be imputed to the mandatory minimum dividends.

**Article 83.** The dividends and interest on equity which are not claimed within the term of three (03) years after the date on which they are made available to shareholders revert in favor of the Company.

## **CHAPTER XI**

### **Legal Defense**

**Article 84.** The Company's management, members of the Fiscal Council and Statutory Committees are responsible, under the terms of the law, for the acts committed and for the damages caused in the performance of their duties.

**Article 85.** The Company, in the event it does not take the active pole of the lawsuits, shall ensure its management and members of the Board of Directors, of the Fiscal Council and Statutory Committees, by means of its Legal Department, or by contracted third parties, the defense in judicial and administrative proceedings moved by third parties against its managers, during or after their respective terms of office, until the end of the limitation period of the responsibilities of these managers, by acts related to the exercise of their own functions.

**Paragraph One.** The guarantee provided for in the *caput* of this Article is extended to the Company's employees and to its attorneys in fact legally constituted, who act on behalf of the Company.

**Paragraph Two.** If a member of management, the Fiscal Council, the Statutory Committee or Company employee be condemned, with decision made final and unappealable, based on violation of the law or these Bylaws or due to condemned person's fault or malice, he/she shall reimburse the Company of all the costs, expenses and losses caused by it, except when it is evidenced that the act was practiced in good faith, reasonably and aiming at the interest of COPASA MG.

**Paragraph Three.** When the Company does not opportunely appoint an Attorney for the defense of a member of the Board of Executive Officers, the Board of Directors, the Fiscal Council, or employee, if he/she is dismissed, he/she shall be entitled to the repayment of costs and fees of counsel disbursed in the suit.

## **CHAPTER XII**

### **Disposal of the Share Control**

**Article 86.** The direct or indirect disposal, on the account of the State of Minas Gerais, of the Company's control is prohibited, including by shareholders' agreement about the



exercise of the control power, except in the assumption provided for in Article 14, Paragraph 4, item II, of the State Constitution.

**Article 87.** Should the assumption provided for in Article 14, Paragraph 4, item II of the State Constitution or its amendment take place, the direct or indirect disposal of the Company's control, both by means of a single transaction or by means of successive transactions, it shall be contracted under condition that the acquirer agrees to carry out a public tender offer for shares issued by the Company owned by other shareholders, in compliance with the conditions and terms provided for in current rules and legislations and in the *Novo Mercado* Regulation, by means of ensuring equal treatment to that given to the seller.

### **CHAPTER XIII**

#### **Dissolution**

**Article 88.** The Company shall be liquidated in the events provided for by the law, and the Shareholders' Meeting is the appropriate body to determine the form of dissolution and appoint the liquidator and the Fiscal Council that must operate in the dissolution period.

### **CHAPTER XIV**

#### **Arbitration**

**Article 89.** The Company, its shareholders, management and members of the Fiscal Council, sitting members and alternates, undertake to decide, through arbitration before the Market Arbitration Panel, in the form of its regulation, all and any dispute or controversy that may arise among them, related to or arising from its condition as issuer, shareholders, managers, and members of the Fiscal Council, in particular, arising from the provisions contained in Federal Law 6.385/1976, Federal Law 6.404/1976, in the Bylaws of COPASA MG, in the rules issued by the Brazilian Monetary Council, by the Central Bank of Brazil and by the Brazilian Securities and Exchange Commission, as well as in the other rules applicable to the operation of the general capital markets, in addition to those included in the *Novo Mercado* Regulation and other regulations issued by B3 and the *Novo Mercado* Listing Agreement.

Attachment to the Minutes of the General Shareholders' Meeting held on May 07, 2018.

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Frederico Lourenço Ferreira Delfino  
Chairman of the Meeting

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Kátia Roque da Silva  
Secretary