



## **Dividend Policy - COPASA MG:**

**1) Objective:** to define the practices adopted by the Company regarding shareholder remuneration, aiming to provide transparency to the market and investors, with predictability in income and seeking to meet the best Corporate Governance standards.

### **2) Legal Substantiation:**

**2.1)** Articles 201, 202, 204 and 205 of Federal Law 6.404/1976;

**2.2)** Articles 36 to 38 of the Company's Bylaws; and

**2.3)** Article 9 of Federal Law 9.249/1995.

### **3) Shareholder Remuneration and Calculation Base:**

**3.1)** Shareholder remuneration will be given in the form of Dividends and/or Interest on Equity (IOE);

**3.2)** The declared IOE will be considered as mandatory minimum legal dividend; and

**3.3)** The basis for calculating shareholder remuneration is the "Adjusted Net Income", which is defined as Net Income after reduction or increase of the amounts specified in items I, II and III of Article 202 of Federal Law 6.404/1976.

### **4) Frequency and Payment:**

#### **4.1) Regular Dividends:**

**4.1.1)** The Board of Directors shall define, by March 31 of each year, the percentage of Adjusted Net Income to be distributed in that year as Regular Dividends, always observing the following parameters: a) the minimum mandatory amount; and b) the maximum amount of 50% (fifty percent);

**4.1.2)** The declaration of Regular Dividends will be made on a quarterly basis;

**4.1.3)** The payment of remuneration to shareholders shall be made within 60 (sixty) days from the date of the declaration by the Board of Directors, except for the amounts referring to the fourth quarter, which shall be defined at the Annual Shareholders' Meeting that approves the Financial Statements for the fiscal year.



#### **4.2) Extraordinary Dividends:**

**4.2.1)** Additionally, along with the disclosure of the Annual Financial Statements and Quarterly Information (ITR) for the second quarter of each year, the Executive Board will disclose the "Regulatory Framework Calculation", already considering the payment of "Regular Dividends", aiming to evaluate if such dividends are within the range that is considered as efficient ("Efficient Range for Regulatory Leverage") and, if the amount is:

**Above the range:** the Board of Directors will define that the distribution percentage of the Adjusted Net Income will be the minimum mandatory amount;

**Within the range:** the remuneration shall comply with the requirements for "Regular Dividends", observing the levels defined in item 4.1.;

**Below the range:** the Board of Directors may declare the payment of "Extraordinary Dividends" up to 3 (three) months after the disclosure of the Annual Financial Statements and the ITR of the second quarter of each year, which shall include an additional remuneration that is sufficient to reach the lower end of the range. This payment may only be defined after analysis have been carried out to confirm that any payment of "Extraordinary Dividends" will not put the Company's financial health, investment plan or liquidity at risk.;

**4.2.2)** The "Regulatory Framework Calculation" is understood as being, for the current regulatory cycle, the ratio between the Company's Net Debt divided by its accumulated EBITDA over the past 12 months to the calculation period, which is limited to 2.10x, with a tolerance of 0.10x above or below;

**4.2.3)** Any changes in the efficient capital structure determined in the following tariff reviews will be reflected in this Dividend Policy in order to establish a new core amount for the "Efficient Range for Regulatory Leverage", in line with the new parameters defined by the regulator.

#### **5) Final Considerations:**

5.1) Whenever the Company's financial situation, prospects, investment strategies, macroeconomic conditions and other factors considered relevant require attention, the Board of Directors may, during the year and in compliance with the legislation and the Company's Bylaws, change the percentage of Adjusted Net Income to be distributed, observing the maximum limit established in item 4.1;

5.2) Approval for the payment, and payment amount, of shareholder remuneration will be resolved at the Annual Shareholders' Meeting that approves the Financial Statements for each year;

5.3) The application of this Policy does not imply any change to regulations that govern employee profit sharing rights at COPASA MG, whose specific rules are defined in its own regulation approved by the Board of Directors.