

# Message from the CEO

A sanitation company is much more than the assets contained within its operations. At BRK Ambiental, Brazil's largest private company in this sector, we know that our business provides more health, education, environmental conservation and economic development for the entire population. Our everyday work and efforts have a positive purpose: to transform people's lives for the better.

The year 2018 was important to consolidating this vision, which comes from our shareholders, among all of the company's leaders and employees. We identified and unveiled our corporate purpose – **to transform people's lives, guaranteeing quality water and sanitation** – and we spread the values that guide our business to teams in the corporate areas and at operational units.

This work was done collaboratively, involving a large number of BRK Ambiental professionals in different states and cities. Having diverse viewpoints is valuable to the cultural transformation we immediately began in 2017, when Brookfield acquired shareholder control of our company. With operations in every region of Brazil, it is fundamental that we understand and incorporate the cultural and social differences that characterize our country.

A company that promotes equality, combats discrimination and promotes inclusion and diversity is more efficient and open to innovation. These are essential aspects for companies in the industry to make progress on universalization of basic sanitation. Bringing water and sewerage to Brazilians everywhere is one of the biggest demands in Brazil in the 21st century and can no longer be postponed, since there is a risk of entire generations continuing to be impacted by maladies such as dengue, zika virus, yellow fever, diarrhea and other serious illnesses.

It is also essential that information be spread about the benefits of basic sanitation so that we are able to make these services universal. Over the last two years, along with the internal restructuring we carried out, we have enhanced relations with trade associations, regulatory agencies, government

representatives, academia, the community and various other stakeholders, in an effort to produce and release content that contributes to raising societal awareness.

One example of this action is a study entitled "Saneamento e a Vida da Mulher Brasileira" (Sanitation and the Life of the Brazilian Woman), produced through a partnership between BRK Ambiental, the Global Compact Network Brazil and Instituto Trata Brasil, a civil society organization representing the sector. By finding that a lack of sewage collection and treatment more severely impacts Brazilian women, we are contributing to the debate on universalization and to necessary regulatory framework updates that go beyond technical and operational concepts, establishing a foothold in the area of sustainable human development.

WE ARE COMMITTED TO INVESTING  
IN OUR OPERATIONS, SPREADING KNOWLEDGE  
AND ENGAGING ALL OF SOCIETY  
TO TRANSFORM BASIC SANITATION IN BRAZIL



Alignment of our management with external initiatives geared toward promoting sustainability also provides support for this dialog with society. BRK Ambiental is a signatory to the UN Global Compact, which promotes engagement of the business community with ten principles aimed at respecting human rights, preserving the environment and fighting corruption. Basic sanitation should be a guaranteed right for everyone and it is fully connected to these principles.

Within the company, 2018 was intense in strengthening the non-negotiable pillars on which our business is built. The safety of people, excellence in the quality of water provided and of treated wastewater, respect for compliance, ethical conduct and the solidity of corporate governance are at the foundation of BRK Ambiental and cannot be neglected, regardless of the challenges that lie ahead. Employee awareness of this relevance, based on the policies and procedures we built in 2017, is continuous and will always be the focus of our management.

There is still much to be done for basic sanitation in Brazil to achieve minimally acceptable indicators. Half of the nation's people do not have access to sewerage, meaning that annual investments of around BRL 24 billion are needed to expand the

collection system, increase wastewater treatment and reduce water distribution losses. The government and private sector need to work together to overcome this deficit, creating an environment of dialog, with legal security and regulatory order.

At BRK Ambiental, we are prepared to contribute our share. Within our planning, we expect investments of approximately BRL 7 billion in current business over the next five years, bringing more health and wellness to the residents of the cities where we operate. To finance this surge in the quality of our operations, we have partnered with renowned institutions like the Inter-American Development Bank (IDB), diversifying sources of financing and opening up new opportunities for the sector.

We have the support of our shareholders, who have long-term strategic vision and an understanding of how important it is to continually improve operational assets to generate value. We rely on a highly trained team of employees who are knowledgeable about this industry. We have the experience to serve over 15 million customers and the positive ambition to be increasingly efficient and productive. Our purpose is genuine and will drive us to make our company's positive perspectives a reality.

**Teresa Vernaglia**  
CEO of BRK Ambiental