

ACT WITH INTEGRITY

We follow our code of conduct, internal policies & procedures, laws and regulations. We respect the environment and our stakeholders:

- Clients
- Suppliers
- Public Authorities
- Employees
- Communities
- Shareholders



Our STRUCTURE

Our company, BRK Ambiental Participações S.A., is present in 12 Brazilian states and over 100 municipalities. We are the leading private company in the water and sanitation sector in Brazil and we operate with the same goal in all cities served: **to transform people's lives, guaranteeing quality water and sanitation.**

We serve our clients through 22 units (Special Purpose Companies – SPCs), which operate under public concession, service provision or public-private partnership (PPP) contracts. In the city of São Paulo, where the corporate headquarters is located, we have administrative teams that centralize different processes and give full support to the units.

The management structure of our units was organized to ensure quality in the provision of services to clients, in accordance with the scope of the contract with the public authorities. The structure of positions and the approval levels maintain local operational autonomy, which provides agility in decision-making and customer

service, and generates synergy for the exchange of good practices among the units, resulting in greater efficiency and benefits for the entire company.

In 2019, we reinforced our strategy of focusing on the water and sanitation sector through three operations. We completed the sale of the industrial assets we operated for GS Inima, which acquired an 82.76% stake in the capital of FIP Operações Industriais – formed by the companies Aquapolo Ambiental (São Paulo), BRK Ambiental Jeceaba (Minas Gerais) and Distribuidora de Água Triunfo (Rio Grande do Sul).

Another change in our portfolio was the closure of the activities of the subsidiary URV Grajaú, destined for the processing of civil construction waste. Finally, in December 2019, we held 100% of the capital of the largest sanitation PPP in Brazil, with the acquisition of a 10% minority stake in PPP Recife, which provides sanitary sewage services to the metropolitan region of the capital of Pernambuco.

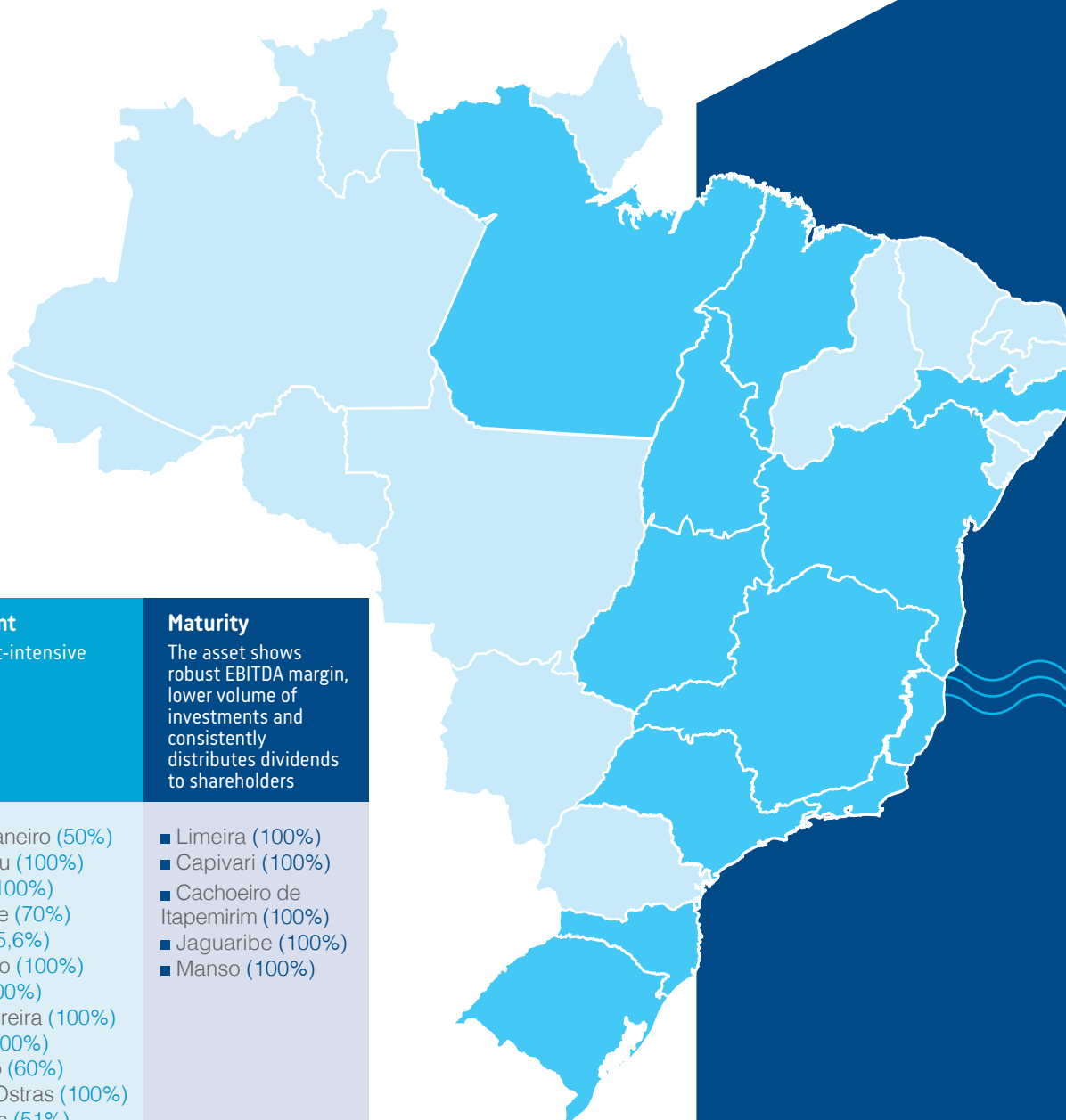


SPC: Sumaré

Where we are

Our units are at different stages

Development	Investment	Maturity
This stage represents the study and the accomplishment of the project	Investment-intensive phase	The asset shows robust EBITDA margin, lower volume of investments and consistently distributes dividends to shareholders
<ul style="list-style-type: none"> ■ Araguaia (100%) ■ Caçador (100%) 	<ul style="list-style-type: none"> ■ Rio de Janeiro (50%) ■ Blumenau (100%) ■ Macaé (100%) ■ Mairinque (70%) ■ Goiás (65,6%) ■ Maranhão (100%) ■ Mauá (100%) ■ Porto Ferreira (100%) ■ Recife (100%) ■ Rio Claro (60%) ■ Rio das Ostras (100%) ■ Saneatins (51%) ■ Santa Gertrudes (100%) ■ Sumaré (100%) ■ Uruguaiana (100%) 	<ul style="list-style-type: none"> ■ Limeira (100%) ■ Capivari (100%) ■ Cachoeiro de Itapemirim (100%) ■ Jaguaribe (100%) ■ Manso (100%)



15
concessions

6
public-private
partnerships
(PPPs)

1
asset lease

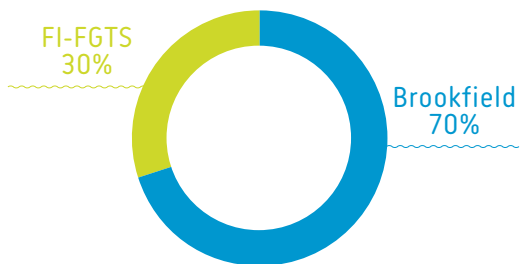
Our GOVERNANCE

Since 2017, our company is the investment platform in sanitation at Brookfield, which operates in over 30 countries, on five continents, and has about R\$ 100 billion invested in assets in Brazil. The Canadian company has 70% of BRK Ambiental's capital stock and has as a partner the FI-FGTS (Investment Fund of the Length-of-Service Guarantee Fund), holder of the other 30%.

Our shareholders guide our actions towards the development of water and basic sanitation infrastructure in the country, through investments in current units and the search for new business in all Brazilian regions. To outline this strategy with transparency, ensuring ethics and integrity in all decisions, we have a corporate governance system aligned with the best practices adopted in Brazil and worldwide.

Our Board of Directors, responsible for strategic guidance and monitoring of executive management, is formed by seven members and their respective alternates appointed by the shareholders at the Annual General Meeting. The term of office of the advisors is two years, with the right to re-election.

BRK AMBIENTAL SHAREHOLDER COMPOSITION



The performance of the Board of Directors is supported by the Finance and Investment Committee and the People and Organization Committee. The two advisory bodies shall previously analyze matters of their specialty in order to make recommendations that subsidize the Board members' deliberations, as provided for in the Board of Directors' bylaws.

The Executive Board complements our governance structure and gathers professionals with proven experience for the execution of the strategy following the guidelines defined by the Board of Directors. The board is composed of executives appointed by the members of the Board of Directors, and its performance is directly supported by the Compliance and Internal Audit areas, strengthening our commitment to the culture of ethics and compliance.



COMPOSITION OF THE EXECUTIVE BOARD

Teresa Cristina Querino Vernaglia	CEO
José Gerardo Copello	Vice-President of Operations
Sergio Garrido de Barros	Vice-President of Finance and Investors Relations
Alain Charles Arcalji*	Vice-President of Shared Services
Daniela Mattos Sandoval Coli	Vice-President of Corporate Matters and Regulatory
Vacant	Vice-President of New Business

**Elected in 2020.*

Registration at CVM

In 2019, we obtained the initial registration as a publicly-held company in category B, granted by the Brazilian Securities and Exchange Commission (CVM). This initiative strengthens our strategy of diversifying our sources of investment financing, allowing access to a broader range of investors in fixed income financial operations and strengthening our institutional image before creditors, shareholders, employees and the market in general.



Normative instruments

Our corporate governance and the conduct of activities are guided by a set of policies and standards that guide the decisions of our leaders and employees. These instruments are continuously updated and thus improve business management and the response to legal and societal demands.

The **Employee Professional Ethics Code of Conduct** and the **Code of Ethical Conduct for Suppliers** are part of this regulatory guideline and are widely disseminated among our professionals and other audiences. In 2019, we strengthened this structure with the approval of five new normative instruments (see below).

Normative instruments

2 Codes of Conduct

9 policies

21 standards



Policies approved in 2019



COMPLIANCE Program

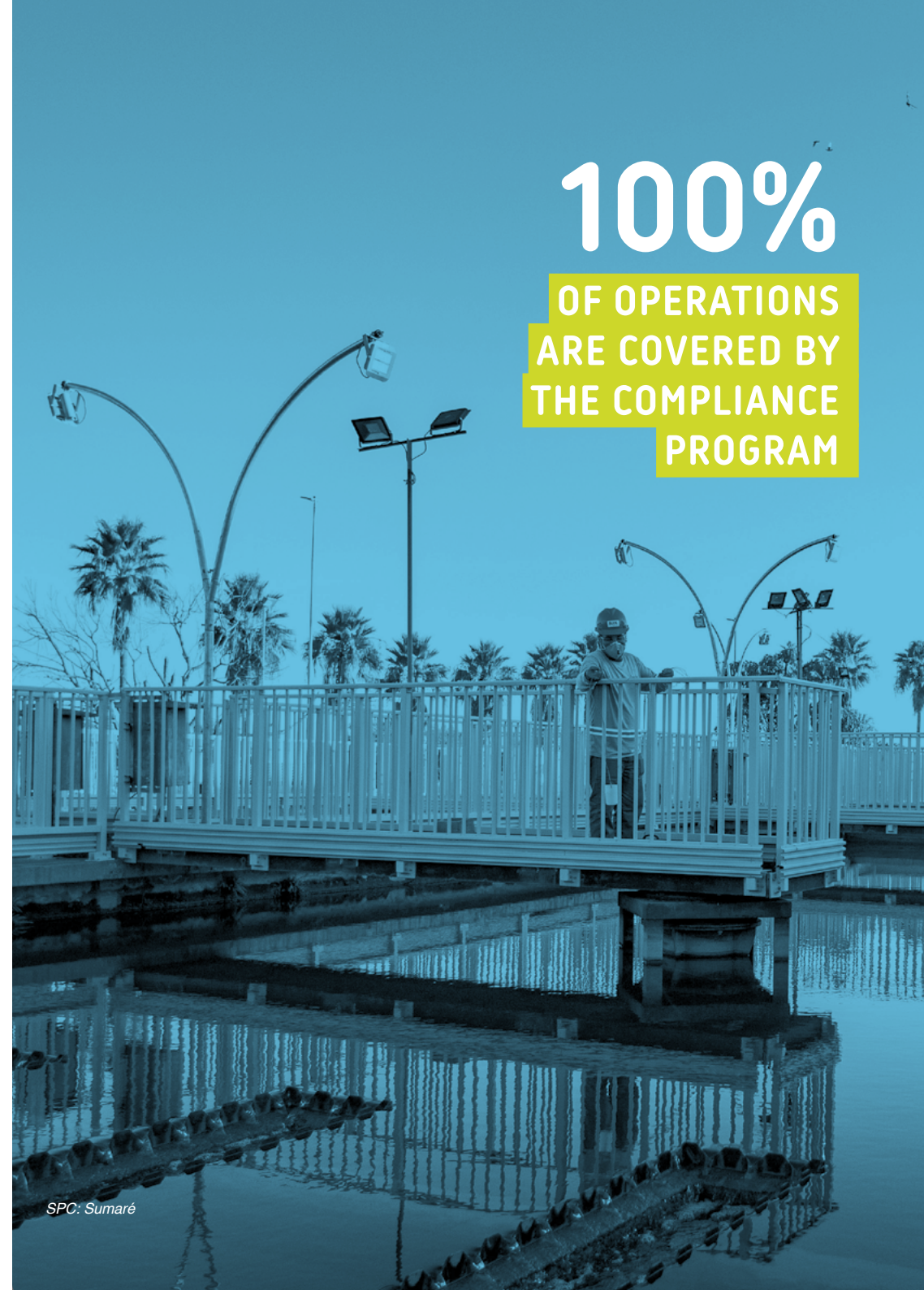
Our Compliance Program has been in operation since the company's inception in 2017 and strengthens corporate governance mechanisms. Through this platform, we implement systems and procedures so that employees, managers, officers and shareholders can follow and apply ethical and legal requirements, as well as the guidelines of our standards, policies and codes, in the relationships they establish with strategic audiences.

Covering 100% of the company and considering employees from the administrative headquarters and all water and sewerage units, the Compliance Program is structured on three pillars – Prevention, Detection and Response – which consolidate all initiatives to promote and strengthen the culture of ethics and integrity. Among these actions, for example, are the training on the subject carried out with employees and the management of the Confidential Channel, aimed at receiving and dealing with complaints or reports of unethical or illegal acts.

In our company, we emphasize daily that practice and commitment to ethics and compliance are individual responsibilities of each employee. To ensure the internalization of this vision and also to carry out the management of the Compliance Program, we have an exclusively dedicated board of directors that reports its activities directly to the CEO of BRK Ambiental.

The Executive Board is also supported by the Ethics and Integrity Committee, responsible for ensuring the dissemination of the principles and values expressed in our Codes of Conduct. The collegiate is formed by seven board members and evaluates, among other aspects, the evolution and application of the Compliance Program.

100%
**OF OPERATIONS
ARE COVERED BY
THE COMPLIANCE
PROGRAM**



SPC: Sumaré

Atitude COMPLIANCE

Prevent

Aimed at identifying, assessing and mitigating the risk of illegal and undesired acts taking place.

Detect

Includes mechanisms capable of identifying and interrupting, in a timely manner, any illegal and undesired acts that may not have been avoided through preventive actions.

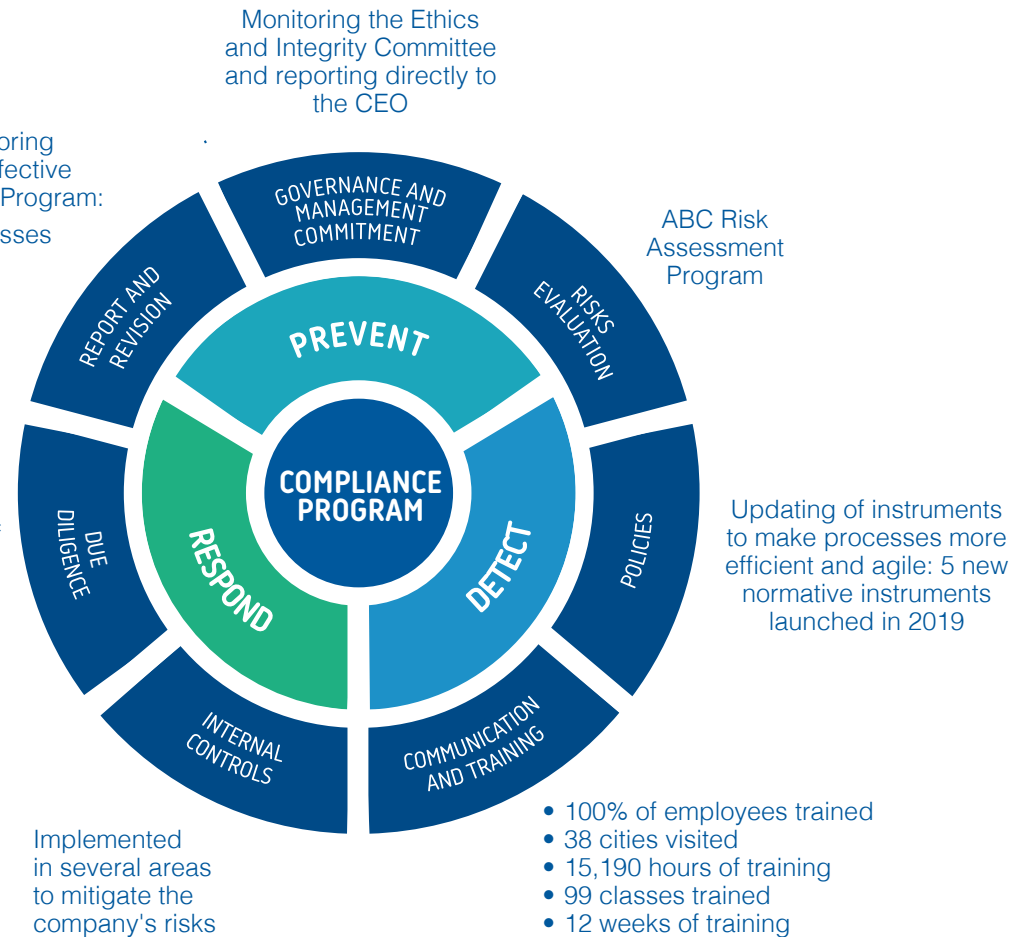
Respond

Establish the response and applicable penalty for each instance of illegal and undesired action found, as well as allowing for improvement of the fragilities that caused the respective act and recovery of any losses.

Continuous monitoring plan to verify the effective implementation of the Program:

- 15 monitored processes
- 14,500 inspections per quarter
- Engaging the responsible areas to implement action plans

Implementation of a digital platform for receipt and verification of documents and regularity of suppliers



External Commitments

Our company is a signatory of the **Business Pact for Integrity and against Corruption** (Instituto Ethos) and the **Global Compact** (UN)



Confidential Channel

Telephone: 0800 777 8006
canalconfidencial@brkambiental.com.br
www.canalconfidencial.com.br/brkambiental

Culture of ethics

As part of the Compliance Program, we undertake many initiatives every year to strengthen and empower our ethics and compliance culture. In 2019, one of the highlights was online training on ethics and compliance, as well as on-site training for employees in field operations, thus reaching 100% of the trained staff.

Throughout the year, there were also training actions aimed at areas that require specific in-depth study. In this context, for example, are the training on anti-corruption for teams that interact with government agents and on money laundering and fair competition practices for employees working in mergers and acquisitions.

To value and recognize employees who have had outstanding attitudes in applying our values and principles, we also held the event Destaque de Compliance (Compliance Highlights). Each of our units appointed three employees, and all recommendations were evaluated by a multidisciplinary committee of company leaders, who chose a winner for each location. On the day of the ceremony, in São Paulo, the winners received a recognition plaque and were congratulated directly by the CEO.

Compliance Day is another annual initiative that we carry out to highlight the topic and seek to raise awareness among all employees. In 2019, the event took place in São Paulo and in the units of Recife (Pernambuco) and Palmas (Tocantins), and its program consisted of lectures and training on ethical conduct, interaction with public employees, risk management, diversity and inclusion.



38
cities
visited

100%
of employees
trained



15,190
hours of
training

99
classes
trained

12
weeks of
training

Risk assessment

In 2019, we conducted the ABC Risk Assessment on our business model. With the support of a specialized external consultancy, we interviewed 106 company executives and assessed all units to identify processes in which this exposure could occur.

The work identified 21 risk factors associated with corruption, prioritized in a matrix that considers the probability of occurrence and the impact on the company's reputation and business. We then assessed how the Compliance Program's prevention, detection and response mechanisms mitigated these risks and concluded that there is no residual risk with a high probability of occurrence or significant impact.

In conjunction with this study, we conducted a maturity assessment of our Compliance Program. About 3 thousand employees (all of whom have corporate e-mail) were invited to answer a questionnaire prepared by an external consultancy and there was a voluntary adhesion of 79% – the benchmarking is around 30%.

The employees' perception of the Compliance Program's maturity, according to the consultancy's consolidation, reached a score of 4 in a ranking ranging from 1 to 5. The result shows that the policies and practices adopted, communication channels and training actions are valued by the teams.

In addition to this front, the study included an independent assessment of the external company itself and a survey of the perception of our company's leaders. In these two analyses, the high effectiveness of our Compliance Program was evidenced, with scores above benchmarks made with companies in the sanitation sector and other segments.

79% of employees

**PARTICIPATED IN
THE COMPLIANCE
PROGRAM MATURITY
ASSESSMENT, WHICH
RESULTED IN A SCORE
OF 4 (SCALE OF 1 TO 5)**

SPC: Uruguiana

BRK
Ambiental

Relationship with suppliers

The dissemination of ethics and compliance culture in our business extends throughout the entire value chain, involving all suppliers with whom we relate. In 2019, our expenditures totaled R\$ 1.4 billion and we had about 3.5 thousand active partners in our base. Most of our hiring (about 70% of the expenditures in the year) is focused on contracting services, mainly for the maintenance and expansion of water and sewage collection networks, and suppliers of hydraulic materials, chemical inputs and hydrometers.

The **Code of Ethical Conduct for Suppliers** establishes the guidelines that should guide

our suppliers' actions in all phases of the relationship. We require all contractors to formally adhere to this document while the companies are still in the approval and registration phase in our database.

In 2019 we launched our Supplier Portal, a platform that concentrates the documentation and other actions necessary for the registration of companies in our database. The platform also provides relevant information for building an ethical and transparent relationship, such as the **Anti-Bribery and Corruption Policy**.

As part of the Compliance Program, we have processes for risk assessment (due diligence) of contractors as a focus on mitigating risks that may impact the image and reputation of the company. We evaluate, among other aspects, whether these companies may be exposed to cases of corruption, money laundering, employment of child labor or in situations analogous to slave labor. This ensures compliance of our supply chain and minimizes risks to the reputation and image of the company.

The supplier evaluation and approval processes were improved in 2019 with the aim of increasing the quality of our partner base. We have structured four purchasing centers distributed throughout Brazil (Pernambuco, Tocantins, Goiás and São Paulo), which are responsible for consolidating the demands of the units located in their areas of coverage. The coordinators of these hubs report directly to the Procurement area at the head office, ensuring the standardization of processes and synergy gains, providing more agility in hiring and reducing costs.

**In 2019,
we generated operating
expenses (OPEX)
savings around
R\$ 15 million**

