RISK MANAGEMENT, TREASURY AND MARKET POLICY OF SANEPAR

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1. GENERAL PROVISIONS

Revised at the 1st Ordinary Meeting of the Board of Directors, held on January 23, 2025 (Version 2).

2. PURPOSE

To establish guidelines, definitions, and competencies for the management of risk, treasury, and market processes under the best national and international market practices and in a manner consistent with the standards defined by regulatory bodies. The risk management process aims to ensure the flow of dividends to its shareholders (cash flow) and compliance with obligations arising from current debt relating to financial covenants.

3. SCOPE

This policy applies to Directors, members of Boards and Committees, and other employees directly involved. It is available at the following electronic address: http://www.ri.sanepar.com.br and, once approved by the Board of Directors, it must be disclosed to all persons who must comply with it.

4. REFERENCES

The information contained in this policy is aligned with the documents listed below:

- Code of Conduct and Integrity;
- Integrity Program;
- Constitution of the Federative Republic of Brazil;
- Brazilian Securities and Exchange Commission (CVM) Resolution No. 121/22.

5. DEFINITIONS

Key terms mentioned in this policy include:

- *Accrual:* It is related to the recognition of expenses or revenue and the corresponding liabilities or assets, as a result of an accounting event. The occurrence of the event is not related to the inflow or outflow of cash. At the end of a given period, interest revenue or expense is recognized, regardless of whether interest has been received or paid;
- Bank Deposit Certificates (CDB): it is an obligation to pay future capital invested in a fixed-term deposit in financial institutions, which may have fixed or post-fixed remuneration;
- Buying and Selling Options: the holder of an option has the right, acquired by paying a premium, to exercise their option to buy or sell an asset, on a future date, at a predetermined price, without its exercise being mandatory;
- Currency Forward Contract (NDF – Non-Deliverable Forward) is a transaction to buy or sell foreign currency on a future date for a predetermined price;
- Future Contracts: it is a commitment to buy or sell a certain asset on a certain future date, with the trading price previously fixed;
- *Covenants:* are contractual obligations and commitments that a borrower must assume before financial institutions with the aim of mitigating risks inherent in granting loans and/or financing. They establish limits, rules and guarantees that aim to prevent the debtor from failing to fulfill their contractual obligations;
- Derivatives: they are financial instruments that originate (depend) on the value of another asset, considered as a reference asset;
- Net Debt: It is a financial indicator obtained by the difference between financial commitments and cash and cash equivalents. Financial commitments are made up of the amounts of loans, financing, debentures and leases;
- EBITDA: it is a financial indicator that represents a company's profit before subtracting financial results, taxes, depreciation and amortization, used to assess a company's free cash flow;

- Level of indebtedness: It is a financial indicator that shows the level of commitment of a company's finances. The relationship between the sum of Current Liabilities and Non-Current Liabilities and Total Liabilities calculates;
- *Hedge:* it is a form of protection against exchange rate variations, through the use of derivative contracts, in order to minimize potential financial losses in operations with foreign currency;
- Financial Bills (LFs): they are long-term fixed-income securities, issued by commercial, multiple or investment banks, with a minimum issuance term of 2 years, the remuneration expected for the security is the fixed interest rate, which may or may not be combined with floating rates and price indexes;
- Liquidity: corresponds to the ability to convert an asset or right into money. Liquidity indicators are used to show a company's financial capacity;
- Offshore Operations: refers to investments made abroad;
- Other Onerous Debts: it is the value obtained by adding the values of liabilities related to: i) Retirement and Medical Assistance Plans; ii) Installments of Tax Debts; and iii) Electricity Installments;
- Short position: a participant is classified as sold when they hold a futures contract, acquired on a given date for a given price, or when the number of futures contracts sold is greater than the number of contracts purchased. The short position produces a gain in the event of a negative variation in price and a loss in the event of appreciation;
- *Rating:* is an opinion expressed by a specialized agency on the credit quality of a company;
- Debt Service: is the value obtained by adding the amounts actually paid in relation to the amortization of principal and interest related to loans and financing;
- Swap: are agreements established between two parties that exchange the risk of an active (creditor) or passive (debtor) position, at a future date, according to pre-established criteria;
- Government Bonds: they are fixed-income bonds issued and guaranteed by the Federal Government, considered to be of very low risk, and may have fixed or post-fixed profitability or profitability indexed to some price index in the economy;

- Volatility: it is a measure of dispersion that expresses the uncertainty of an asset's returns.

This document will progressively define other complementary terms and concepts to comply with these guidelines.

6. GUIDELINES

Risk management is a process, not an isolated event, and must involve all company areas. This implies the dissemination of risk culture and the routine participation of the employee structure. The management of risk, treasury, and market, its purpose is to mitigate the adverse effects of the volatility of risk factors inherent to SANEPAR's activities on the Company's cash flow, respecting pre-established limits and metrics. The financial strategies involved in this process are intended solely to preserve the Company's operational flow, and their use for speculative operations is strictly prohibited. Real (BRL) is the Company's functional currency, and therefore, all risk management efforts must aim to preserve cash flow in this currency.

This policy is subdivided into several sections according to the specific controls to be established. Thus, we have:

- Foreign Exchange Rate Exposure Guidelines;
- Interest Rate Exposure Guidelines;
- Liquidity Management Guidelines;
- Counterparty Guidelines.

6.1. EXCHANGE RATE EXPOSURE GUIDELINES

Describes the main definitions and practices for monitoring and controlling foreign exchange exposure arising from SANEPAR's financial operations.
Foreign exchange rate exposure is understood as the Company's sensitivity to fluctuations in each of the currencies that make up its financial relations and

consequently impact its cash flow. In the case of SANEPAR, this exposure must necessarily consider:

- The updated monthly flow of debt maturities contracted in each foreign currency;
- The updated monthly flow of maturities of financial investments denominated in each foreign currency;
- The updated monthly flow of derivatives maturities denominated in each foreign currency.

The Company's foreign exchange exposure is the sum of the above flows. Each foreign currency must have its own exposure. Furthermore, this exposure will be calculated over the longest possible time horizon, provided the information on projections and flows is reliable.

6.1.1. Derivatives

Any derivative financial instrument with foreign currency as its underlying asset must be considered when calculating foreign exchange rate exposure. The value assigned to a derivative for calculating exposure should be its market value on the calculation date.

6.1.2. Hedging Programs

The foreign exchange rate hedging program must be prepared based on an analysis of the company's foreign exchange exposure. The preparation of the program must include, at a minimum:

- Type of exposure;
- Program objectives and justifications (risks to be mitigated);
- Derivative financial instruments to be used;
- Schedule;
- Expected results;
- Possible accounting effects.

6.1.3. Instruments

Only the following derivative instruments may be used:

- *Swaps;*
- Purchase and sale of call and put options;
- Currency Futures Contracts;
- Currency Forward Contracts (NDF – Non-Deliverable Forward).

Contracting these instruments must comply with the counterpart management policy defined later in this document. It must also be preceded by a cost versus expected benefit calculation with the instrument to be used.

6.1.4. Hedge Contracting

The operationalization of the hedge must be accompanied by the analysis and monitoring of risk metrics, such as: marking to market, sensitivity analysis by risk factors and analysis of position mismatches. The foreign exchange exposure must be positive or neutral on the basis defined in the hedging program. This means that the Company cannot be sold in foreign currency, which implies that protections must be contracted whenever the future financial flow indicates a situation like this.

6.2. INTEREST RATE EXPOSURE GUIDELINES

Describes the main definitions and practices for monitoring and controlling interest rate exposure arising from SANEPAR's activities. Exposure to interest rates is understood as the Company's sensitivity to fluctuations in each interest rate index arising from loan, financing, debenture transactions, and financial investments, which impact its payments and receipts and, consequently, its cash flows. This exposure must, without exception:

- Determine, for each month, the accrual of interest on the debt linked to each index;

- Determine, for each month, the provision of income from financial investments linked to each index;
- Determine, for each month, the accrual of the derivatives linked to each index.

The sum of the flows above is considered as exposure to the Company's interest rate in Reais (R$). This exposure will be calculated over the longest possible time horizon, provided the information on projections and flows is reliable.

6.2.1. Instruments

The instruments eligible for the execution of risk mitigation operations may only be:

- *Swaps*;
- Purchase and sale of call and put options;
- Interest Futures Contracts;
- Forward Interest Contracts.

The contracting of these instruments must comply with the Counterparty Management Policy, defined later in this same document.

6.3. LIQUIDITY MANAGEMENT GUIDELINES

Describes the main definitions and practices for monitoring and controlling liquidity risk, which can be defined as the possibility of the Company not having sufficient resources to honor its financial commitments or even having to incur additional costs. The management must necessarily consider:

6.3.1. Minimum Operating Cash (CMO)

We will consider as Minimum Operating Cash (CMO) the cash balance necessary to ensure coverage of the Company's operational commitments in a time horizon between 12 and 22 days, varying according to the calculated amount, considering the absence of revenue in this period.

6.3.2. Liquidity Metrics

Liquidity monitoring will be based primarily on the Company's cash flow projections. This projection must be made for at least 12 months following the analysis date. Carrying out this projection must consider, at least:

- Revenue and expense projections - fixed and variable;
- Economic scenarios for the period.

6.3.3. Resource Allocation

Cash availability should preferably be allocated to investment funds but may be assigned directly to eligible financial assets.

When allocating financial resources, priority should be given to investment funds, given the expertise and systematized risk management processes that Banks have in managing investment fund portfolios. This makes it possible to better monitor the risks of securities, counterparties, etc. The allocation of resources will comply with the provisions of the Legislation regarding the mandatory application of resources by mixed-capital companies in Official Banks, as per Article 164, item 3 of the Federal Constitution.

In the case of direct investments, the following can be acquired:

- Government Bonds;
- Bank Deposit Certificates (CDB);
- Financial Bills (LFs).

6.3.4. Debt Metrics

The Company's debt monitoring will be based on the metrics explained below:

<u>Average Debt Term (ADT):</u> the average debt term is calculated based on the amortization and interest payments of the debt contracted, weighted by the number of business days between the calculation date and the occurrence of the flow.

The goal is that the average debt term is equal to or greater than 3 years, that is:

ADT =>3 years.

Net Debt (ND) / EBITDA: net debt can be understood as gross debt, discounting cash and cash equivalents. The relationship between this debt and the company's EBITDA provides a measure of how much revenue the Company generates with its debt volume – it is an indicator of leverage.

The goal is to have the value of this metric equal to or less than 3.0, that is:

ND / EBITDA =< 3.0.

EBITDA / Debt Service (DS): The relationship between EBITDA and the amount of interest/amortization that must be paid provides a measure of the company's revenue in relation to the volume of interest arising from debts and is, therefore, an indicator of the cost of debt.

The goal is to set the value of this metric to be greater than or equal to 1.5, that is:

EBITDA / DS >= 1.5.

Other Interest-Bearing Debts / EBITDA: The relationship provides a measure of cash generation and Retirement and Medical Assistance Plans, Tax Debt Installments, and Electricity Installments, and is therefore a measure of limiting these items to cash generation for the 12-month period.

The goal is to set the value of this metric to be less than or equal to

1 that is:

Other Onerous Debts / EBITDA <= 1.

Level of indebtedness: It is the relationship between the sum of Current Liabilities and Non-Current Liabilities and Total Liabilities. Provides the measure of third-party capital with the total resources used to finance activities.

The goal is to set the value of this metric to be equal to or less than 60%, that is:

(Current Liabilities + Non-Current Liabilities) / Total Liabilities <= 60%.

Any and all financial covenants used in contracts signed by SANEPAR must be monitored, regardless of whether they are included in this Policy. Monitoring must, additionally, be appropriate to what is established in the contract in which such a covenant was established.

6.4. COUNTERPARTIES GUIDELINES

Describes the rules and limits of exposure to financial and non-financial institutions that are counterparties to financial transactions and/or issuers of credit securities. The main purpose of these controls is to mitigate the impact on the Company's cash flows arising from non-compliance with financial obligations by these counterparties/issuers:

- In the case of financial investment operations (cash allocation), the exposure to the credit risk of issuers will be measured by the sum of the gross balances of the issuer's financial investments with credit risk, marked to market on the calculation reference date;
- In the case of contracting derivative financial instruments, the risk exposure of a given counterparty and transaction will be measured through the expected exposure and statistical modeling defined based on the average exposure due to the Company, based on simulations of future scenarios;
- In any case, the total term of the operation will be considered to calculate the exposure;
- Only the sum of positive exposures in which the Company is a creditor will be considered to consolidate the exposure of a given institution.

6.4.1. Eligible Counterparties

The following table presents the minimum rating criteria for the eligibility of a given local counterparty:

Rating agency	Minimum Rating
S&P	brA-
Moody's	A-.br
Fitch Ratings	A-(bra)

The following observations should be considered:

- National Treasury issuances are considered eligible;
- Federal Public Banks issuances are considered eligible;
- If two or more agencies classify the same issuer, the worst rating will be valid for eligibility purposes;
- Offshore operations will not be permitted;
- Transactions with non-financial counterparties may only be carried out after prior approval by the Financial Committee.

6.4.2. Exposure Limits

The exposure limit to a given counterparty will be defined based on the following criteria:

- Global or local rating, depending on the counterparty;
- Net equity of the institution.

The following table shows the limits used:

	Rating	Maximum Exposure	
		% Net equity SANEPAR	% Net equity Counterparty
Global Scale	AAA or equivalent	20	10
	AA+ or equivalent	18	8
	AA or equivalent		
	AA- or equivalent		
	A+ or equivalent	15	6
	A or equivalent		
	A- or equivalent		
	BBB+ or equivalent	10	5
	BBB or equivalent		
	BBB- or equivalent		
Local Scale	AAA or equivalent	10	5
	AA+ or equivalent	8	4
	AA or equivalent		
	AA- or equivalent		
	A+ or equivalent	6	3
	A or equivalent		
	A- or equivalent		
	BBB+ or equivalent	5	3
	BBB or equivalent		
	BBB- or equivalent		

The following observations should be considered:

- National Treasury issuances do not have an exposure limit;
- Federal Public Banks issuances do not have an exposure limit;
- If an institution is classified, at the same time, on a local scale and a global scale, the highest permitted limit remains for verification of the limit.

6.4.3. Disqualifications

In the event of a passive breach of limit, the situation should be analyzed in terms of the probability of passive readjustment to the limit and the time horizon in which it should occur. Furthermore, the impacts of such non-compliance should be analyzed.

In the event of an active breach of limit, responsibilities should be identified. In parallel, possible process failures in limit control will be analyzed, and a strategy for readjusting the limits will be proposed.

6.5 SENSITIVITY ANALYSIS

Under CVM Resolution No. 121/22, SANEPAR discloses the sensitivity analysis of the financial instruments contracted (derivatives or otherwise) with the respective risk factors in its accounting statements.

This practice should be adopted for both interest and exchange rate exposure, according to the precepts described below:

6.5.1 Interest Exposure

If there is exposure to interest, tests must be performed based on two possible situations:

1. Increase/decrease the interest rate by 25%;

2. Stress situation, with increase/decrease the interest rate increase by 50%.

The measure to be observed in each case is the increase/decrease in the cost/revenue of financial instruments linked to interest rates.

6.5.2 Foreign Exchange Exposure

In the case of foreign exchange exposure, tests must be carried out based on two possible situations:

1. Foreign exchange appreciation/devaluation of 25%;

2. Foreign exchange appreciation/devaluation of 50%.

The measure to be observed in each case is the increase/decrease in the cost/revenue of financial instruments linked to foreign exchange variations. Thus, it is possible to measure in advance the possible impacts of exposure to risk factors and manage the debt and derivatives portfolio to mitigate such impacts.

7 RESPONSIBILITIES

The commitment to maintaining and applying Sanepar's Risk Management, Treasury and Market Policy is distributed among the DFRI Management, the Special Risk, Treasury, and Market Management Committee, the Executive Board, and the Board of Directors, according to their respective levels of competence.

7.1 DFRI MANAGEMENT

- Monitor compliance with the guidelines and limits established in this Policy;
- Monitor compliance with Financial Covenants;
- Monitor the performance of hedge operations on a monthly basis;
- Evaluate stress scenarios to be applied to operations, cash flow projections and the Company's debt;
- Report any identified financial risks in the execution of processes to the Special Risk, Treasury, and Market Management Committee and the department responsible for the Business Plan.

7.2 RISK MANAGEMENT, TREASURY AND MARKET COMMITTEE

- Meet monthly to evaluate and ensure compliance with this policy;

- Record the matters discussed in the Special Committee meeting in the minutes, make them available to all members, and report to the DFRI on a monthly basis;
- Propose changes and updates regarding Risk Management, Treasury and Market Policy;
- Report cases of non-compliance to the DFRI, the department responsible for the Business Plan, and the Executive Board.

7.3 EXECUTIVE BOARD

- Appoint the Special Risk, Treasury, and Market Management Committee;
- Submit the Risk Management, Treasury and Market Policy for approval by the Board of Directors;
- Promote and ensure adherence to the risk management and internal controls process, ensuring that the guidelines established in this Policy are aligned with good management practices, the Business Plan and the Company's Investment Plan – PPI;
- Decide or report cases of non-compliance, when necessary, to the Board of Directors.

7.4 BOARD OF DIRECTORS

- Approve the Risk Management, Treasury and Market Policy, monitor its implementation and promote its dissemination;
- Decide, when necessary, on cases of non-compliance that significantly impact the business plan, strategic planning, and investments.

8 RESPONSIBILITIES

Violations of the provisions of this policy will be submitted to the Special Committee for Risk Management, Treasury and Market, which will determine the measures to be adopted to define responsibilities, according to the integrity instruments of Sanepar, without prejudice to the penalties provided for in current legislation.

9 FINAL PROVISIONS

Questions regarding interpreting this Policy should be referred to the Special Committee for Risk Management, Treasury and Market.

This policy is effective on the date it is approved by the Board.

10 HISTORY

<table>
<tr><td rowspan="3">Risk Management, Treasury and Market Policy of Sanepar</td><td>Version</td><td>2</td></tr>
<tr><td>Management Department</td><td>DFRI</td></tr>
<tr><td>Secrecy</td><td>External Audience</td></tr>
</table>

Version	Date	Person in Charge	Approved by	Change Description
1	01/18/2017	DFRI	Board of Directors	First Issue
2	03/20/2025	DFRI	Board of Directors	Adaptation to the Compliance standard, updating and content organization.