SANASA
CAMPINAS

A vida bem tratada

SUSTAINABILITY REPORT /GRI

2013

SANASA in the International Year of Water Cooperation

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A MESSAGE FROM THE CEO

SANASA is reaching 40 years, to be completed in August, 2014, with daring targets for its performance in Campinas and aligned with the expectations formulated in the international context for universalization of sanitation services. Its purpose is to provide everyone with quality water supply, sewerage collection, dumping and sewage treatment.

The company is committed to actions that will enable Campinas city to increase its capacity to treat 100% of the sewage by 2016. This is part of the 300% Universal Sanitation Plan, submitted on August 21st, 2013 to the Mayor Mr. Jonas Donizette.

The Plan's targets are:

✓ 100% of installed capacity for the sewage treatment until June, 2016;

✓ 100% of sewerage collecting, dumping and sewage treatment until December, 2017 in neighborhoods with water distribution network;

✓ 100% of sewerage collecting, dumping and sewage treatment until December, 2020 in urban areas without sanitation systems (water and sewage networks).

The fulfillment of these targets will lead to the universalization of sanitation services in Campinas, purpose of the municipal government that will imply in actions of urban infrastructure, removal of families from vulnerable areas, besides investments of approximately R$ 500 million, coming from the Programa de Aceleração do Crescimento - PAC, by the Federal Government, from the Programa Reágua by São Paulo State Government and own resources.

In 2013, SANASA signed contracts with the Federal and State Governments of approximately R$ 127 million, which will be applied in works that will start in 2014. Still in 2013, SANASA was selected – and awaits the execution of new contracts – by the Federal Government's PAC program to carry out integrated sanitation works that amount to R$ 65 million, plus R$ 49 million in conjunction works with the Campinas City council, out of which R$ 7 million will be spent in basic sanitation.

With this Plan, developed in the International Year of Water Cooperation, subject coordinated by the United Nations Education, Scientific and Cultural Organization - Unesco, SANASA deepens its commitment to work for solutions that will ensure potable water with high quality and basic sanitation for the population of Campinas, according to its strategies.

Still in 2013, SANASA was the only Brazilian sanitation company that took part in the Leaders' Summit 2013 in New York, a meeting of leaders of the United Nations Global Compact. As CEO of the company, attending the meeting, I considered essential to sign the Commitment Letter, together with other leaders of the Brazilian delegation, reaffirming our objective of working hard to make SANASA part of the solution with the sustainable development of the plant (see the full text in the next pages).

Also as outcome of the Leaders' Summit meeting, SANASA assumed the Platform of Architects for a Best World and has already worked to introduce this model in its management process. The initiative is part of the project Architecture for Corporate Engagement Post-2015, conceived as an invitation to the organizations and networks working worldwide, engaging companies in sustainable development, to

join forces with the UN Global Compact, with the World Business Council for Sustainable Development (WBCSD), with the Global Reporting Initiative and other organizations, aiming to promote and support the commitments and corporative actions that stimulate the UN targets.

According to the documents presented in New York, the United Nations established the water distribution and sanitation as priority subjects to reach other world central objectives from 2015 on, as safety feeding and nutrition, sustainable agriculture, fight against desertification, degraded lands and drought, eradication of poverty, multiplication of employment and decent jobs for everyone, social and youth protection, education, culture and health.

The greatest challenge is to concentrate the relation of sanitation with potable water. This concern has been shared by SANASA along its history and is aligned with the public policies developed by the government of Mayor Jonas Donizette, who, in 2013, presented his Goal Plan to the population. SANASA's action for universalization of sanitation is part of this Plan.

SANASA has also collaborated in the construction of the G4 model of the Global Reporting Initiative – GRI, to elaborate the Sustainability Reports, and, in 2013, was the only sanitation company to take part in the Global Conference that launched the G4 model in Amsterdam, Holland, with the presence of more than 1.600 professionals of the whole world.

In 2014, SANASA is already part of the indicators of the G4 model in this Sustainability Report about the year of 2013, and it aims that the new report, for 2014, be fully prepared according to the G4 model.

In 2013, SANASA reapplied, internally, the indicators of the Ethos Institute of Business and Social Responsibility (Instituto Ethos de Empresas e Responsabilidade Social). The resulting diagnosis will be used by the Board and managers to identify weak points, improve the company management and engage the supply chain.

SANASA presents itself as articulator of regional and national actions and is also willing to be an important voice in the international environment for the sustainable development, fulfilling its mission together with its several stakeholders. It is only possible because it has a current view of the sustainability, transverse and decentralized in the organization, and under total responsibility of this Presidency. For this reason, in 2013, we transferred the Sustainability Management Advisory of the Technical Board to the Presidency. The benefit of this act was to clearly define, at the company, the intention that the sustainability be not only a department, but also part of the whole management.

In 2013 SANASA worked steadily to increase the water availability for Campinas and the region for the next decade. This was its main objective when it actively attended meetings for renewal of Cantareira System water right granting and when it requested São Paulo government to elaborate projects of dams to be built in Jaguari and Camanducaia rivers.

The company also asks the State government to take responsibility for the construction of the supply line, which will be responsible for the transposition of the water from Jaguari to Atibaia river.

When the year ended, the negotiations on the Cantareira System granting were already far. This system has an important impact on PCJ water system - Piracicaba, Capivari and Jundiaí river basins -, directly on quantitative and qualitative capacity expansion and, consequently, on the quality of supply of Campinas city.

By the end of 2013, SANASA had formulated the entire Corporate Risk Map and, in 2014, it is expected to proceed with the preparation of the Water Risk Map. The information provided in these two documents will be the basis for the survey that will engage several stakeholders in defining strategic matters for the company.

Also in 2013, SANASA continued works related to the Water Safety Plan, in compliance with ordinance 2914/2011 of the Ministry of Health, which defines potable water standards.

Several works were carried out in 2013 – some ofthem still ongoing – to improve the supply of

potable water, reduce losses and sewage systems, by replacing old mains, installing sewage systems in neighborhoods such as Satélite Iris I and IV, building Interceptors and Collectors in the neighborhoods of Santa Cândida, Taubaté Sewage System, Capivari II Sewage System, Parque das Universidades Sewage System, in addition to the inauguration of the Sousas/Joaquim Egídio Sewage Treatment Plant (STP) and restarting the works of the Nova América Sewage Treatment Plan (STP). This STP will serve a population of approximately 35,300 inhabitants from the Viracopos International Airport area and will allow the link of 106 kilometers of sewerage.

The expansion of this airport will also generate new businesses to SANASA, according to the memorandum of intent already signed for the sale of reuse water, treatment of sewage and effluents from aircrafts.

Complying with all these targets requires effort and endeavor not only from the company administration, but also from all employees. Each one, however, may be proud of working for the continuous improvement to quality of life at the Campinas region and by meeting global sustainable development targets.

Arly de Lara Romêo
CEO of SANASA

CORPORATE CONTRIBUTION TO PROMOTE A GREEN AND INCLUSIVE ECONOMY

The companies and organizations signing this document are committed to the Sustainable Development.

We are following and participating in discussions relating to Rio+20, the most important multilateral conference focused on promoting sustainable development since ECO-92.

We believe that there is enough information to affirm that there was an evolution in dealing with social and environmental issues since 1992. On the other hand, the figures show that there are still many challenges to achieve the appropriate level of development for everyone.

According to the report of the United Nations Program for the Environment (Towards a Green Economy, 2011) there are over 1.6 billion people suffering from water shortages and over 900 million malnourished people in the world. There are clear signs of depletion of natural resources, whether as materials or energy sources, or as a destination of our tailings. Among them, the greenhouse effect gases, whose consequences are already perceived in the global climate.

Brazil also has its ills. According to IBGE (Indicators of Sustainable Development, 2010), in 2008 there were more than 15 million families living on less than half the minimum salary; more than 40% of the houses in urban areas had no access to sewerage collection system for treatment and over 10% of our population over the age of 15 were illiterate.

On the other hand, by several reasons, Brazil emerges as a possible power in the green and inclusive economy. In 2009, renewal sources accounted for over 48% of the Brazilian energy matrix (EPE/MME, 2010). Brazil has more than 20% of the arable land on the planet and, fortunately, has insolation and water available. This adds up to a cooperative culture and an business class that is more and more engaged, aware of their responsibilities and that wants to act as protagonist, allowing the country to go further beyond, i.e., develop in a sustainable way.

With this positive outlook, the companies and organizations signing this document understand that they are part of the solution to promote a green and inclusive economy.

We are convinced that Brazil could become a leading country in promoting sustainable development, an example in promoting balance among economic, social and environmental development. We understand that this stance favors the country, the companies and organizations established here and, at the same time, may influence the attitude of other countries and contribute to the solution of problems on a global scale.

The companies and organizations signing this document want to be examples. We want, through our businesses, to strongly broaden our contribution to promotion of sustainable development, increasingly integrating sustainability to our business strategies, to routine operations and our many relationships. We want to be acknowledged by society for bringing innovative solutions representing real efficiency impacts in the use of natural resources (such as water and energy), in reducing the intensity of carbon emissions, in promoting human rights and social inclusion.

We assume ten commitments:

1. Always seeking a sustainable economic outcome, that which considers the attainment of those outcomes associated to the maximization of environmental and social benefits and the minimization of potential negative impacts;

2. Acting in our productive processes and our value chains (suppliers and customers) to:

a. Continue to improve efficiency in the use of environmental resources (energy, materials, soil, water, etc.) and reduce any form of waste (residues, effluents, greenhouse gases, etc.);

b. Expand the use of energy resources or renewable raw materials;

c. Promote the generation of decent jobs, i.e., those that respect human rights and ability of people to develop themselves continuously;

d. Promote dialog, cooperation and commitment aimed at expanding the contribution of the chain towards a sustainable development.

3. Reinforcing our investment in innovation and technology, in a way to introduce new solutions in processes, products and services that make possible the reduction of impacts caused by production, use

and possible discarding associated to the products and services;

4. Strengthening the role of the consumer and the importance of consumer choices, considering the entire life cycle of products and services;

5. Focusing our social investments on the strengthening of three aspects:

a. Social inclusion of the poorest stratum of the population

b. Education and skill development for sustainability

c. Promotion of human and cultural diversity;

6. Carefully strengthening our relationship with respective stakeholders, in order to promote an ethical behavior and to curb any form of corruption. This includes ethical care in communicating the features of our products and services;

7. Defining concrete targets for the most relevant aspects of the contribution of each one of our businesses to a sustainable development and publicly reporting our evolution in addressing these commitments;

8. Promoting knowledge diffusion, respecting the intellectual property of the best business practices focused on a broaden contribution to the economic, social and environmental development;

9. Contributing in the discussions on sustainable development, green and inclusive economy, low carbon economy or any other closely related topic in the business forums, such as unions and associations, in which we are members, especially at the Brazilian Global Compact Committee; at universities and business schools; before the organized society and the government; in such a way as to influence and be influenced in this interaction;

10. Influencing and supporting decisions and policiesadopted by the Brazilian government that contribute to a more sustainable development.

However, we understand that the government's role of promoting and encouraging is crucial to increase the scale of our corporate contribution. Thus, we call attention for the importance of the advance in, at least, five aspects related to public policies:

A. Strengthening of education at all levels (primary, secondary, vocational, university and post-graduation), highlighting the diffusion of principles and practices of sustainable development;

B. Encouraging investments in innovation, research and development of science and technology, especially those that may bring radical improvement to environmental and social impacts;

C. Promoting a more sustainable production and consumption, favoring those who mitigate environmental and social impacts while considering the whole life cycle of products and services;

D. Supporting companies that assume the risks of introducing new products and more sustainable services;

E. Strengthening of corporate participation and integration of several national and global policies considering the balance among economic, social and environmental development.

By undertaking these ten commitments, we understand that we are working towards improving the quality of life in our planet and taking large steps to make a green and inclusive economy possible. On the other hand, government commitment to reinforce these five aspects of public policies will facilitate corporate contribution. This will strongly leverage the outcomes.

Thus, companies, organizations, society and government will, together, build a new scenario for the next 20 years, a scenario that would enable a truly sustainable development.

Document signed by the executives of the Brazilian delegation at the 2013 Leaders' Summit meeting, in New York, which gathered leaders of United Nations Global Compact signatory companies.

ORGANIZATIONAL PROFILE

G4-4 — Main brands, products and services

G4-5 & 6 — Location of organization's headquarters

G4-7 — Nature of the property and legal form of the organization

G4-8 — Markets where the organization operates (with geographic location, sectors covered and types of customers and beneficiaries)

G4-9 — Company size, including: total number of employees, total number of operations; net income (for public sector organizations); quantity of products or services performed

Ethos Indicator 1: Sustainability Strategies, Phase 1 – The company includes social aspects and environmental issues in its strategies.

R. SANASA Campinas – Sociedade de Abastecimento de Água e Saneamento S.A. is a mixed capital company created by Municipal Act 4.356, December 28th, 1973.

The corporation has been organized to plan, execute, inspect and operate basic sanitation utilities in the city of Campinas, possibly extending these services to other cities, being in national territory or abroad, provided that its economic-financial feasibility is demonstrated and duly approved in a General Meeting. SANASA also performs management improvement activities, in addition to operation and maintenance of its services, including provision of advisory, consultancy and technical support services to the city hall, public or private entity or company in its area of operation.

WATER TREATMENT

Among other duties, SANASA Campinas is responsible for the water supply service (intake area, transmission of water, treatment, reservation and distribution of potable water) of Campinas city, in the São Paulo State. The company collects water from Atibaia (92,46%) and Capivari (7,47%) rivers to supply the whole city.

Currently, SANASA supplies piped potable water to 99% of the urban population of Campinas, by using five water treatment plants (ETAs 1 and 2 at Swift, ETAs 3 and 4 at Estrada dos Sousas, supplied by Atibaia River, and ETA Capivari, next to the Bandeirantes Highway, supplied by the Capivari River). The set of Water Treatment Plants has capacity of production of up to 4,530 liters/second.

The average annual volume of potable water produced is around 110 million of cubic meters, supplied by more than 3,850 km of water transmission lines and distribution mains, and stored in 65 storage tanks spread around the city (25 elevated and 40 semi underground), with total capacity of 123,497.37 m^3. This system is connected to 310,426 water connections and 463,785 economies*, all of them measured by water meter.

**(Number of economies is the number of consumption units or real properties that depend on a single water meter)*

SEWAGE TREATMENT

The sewerage system of SANASA Campinas serves 88% of the urban population, with 272,168 connections and 406,220 economies*, 3,554.23 km of sewerage, outfall sewer and interceptors, in addition to 75 Sewage Lift Stations and 26 Sewage Treatment Plants.

SANASA is pioneer in the use of the technology employed for sewage treatment in the Producing Plant of Reuse Water - EPAR Capivari II, one of the most modern in the world, with the use of MBR (Membrane Biological Reactor) with Nitrogen and Phosphorus Removal. The MBR ensures the removal of most viruses, bacteria and protozoa without using chemical disinfection, in addition to the removal of solids, leaving the water with 98% purity degree.

The company participated in the elaboration of the Municipal Basic Sanitation Plan, under the coordination of the Municipal Department of Green and Sustainable Development, which defined the necessary actions to reach 100% of water supply, sewage collection and treatment by December, 2020 in neighborhoods without sanitation (water mains and sewerage). The Plan was discussed in two Public Hearings in the course of 2013 and approved by Decree no. 18.199 of December 19, 2013.

G4-11

Percentage of total of employees covered by collective bargaining agreements

Principle 3 of the United Nations Global Compact - UNGC: Support the freedom of association and the right for collective bargaining.

Ethos Indicator 25: Relations with Unions - Phase 3 - The Company not only allows the role of unions at the workplace, but also supplies information on conditions of work and meets with their representatives on a regular basis to hear suggestions and negotiate claims.

R. All SANASA employees are included in collective bargaining, although some clauses extend to the trainees and patrolmen only. All employees are free to be associated to unions.

G4-12

Supply chain Organization

R. The subject is under study during 2014 and will be reported at the next issue of the Sustainability Report.

G4-13

Significant changes during the reporting period regarding size, structure, shareholding or supply chain of the organization

R. No significant changes.

G4-14

Report if and how the organization adopts the approach or precaution principle

Principle 8 of the United Nations Global Compact - UNGC:
Promote environmental responsibility.

Ethos Indicator 32: Impact arising from the Use of Products or Services, Phase 2 – The Company prefers a preventive approach, elaborating technical studies and researches on potential risks on a regular basis and taking preventive and/or corrective measures when risks and faults are detected to ensure maximum safety for consumers.

R. In order to create the Corporate Risk Map, custom presentations were made for the entire administration of the company: Officers, Managers and Coordinators. After the training, carried out in 2013, the administrators prepared the identification of risks in their areas, with the support and monitoring of the Corporate Governance Management, responsible for the company's Risk Management.
In 2014, SANASA should also proceed with the preparation of the Water Safety Plan.

G4-15

Any economic, environmental and social letters, principles or other initiatives externally developed signed or endorsed by the organization

Ethos Indicator 6: Voluntary Commitment and Participation in RSE/Sustainability Initiatives, Phase 2 - The Company signs voluntary commitments and attends seminars and discussions associated to them.

R. SANASA volunteers in several international initiatives, commits to the 10 principles of the United Nations Global Compact - UNGC since 2012 and, in 2013, during the 2013Leaders Summit, in New York – a meeting of leaders who take part in the United Nations Global Compact – signed, together with other leaders of the Brazilian delegation, the Commitments Letter that reassures the objective to work steadily as part of the solution for the sustainable development of the planet. The Company participates in the Global Compact's Communication, Environment and Human Rights working groups. Still in 2013, SANASA assumed the Architects of a Best World Platform and is already working to introduce this model in its management process. The initiative is part of the Post-2015 Business Engagement Architecture, conceived as an invitation to organizations and networks worldwide to engage companies in a more sustainable development. The Company adopts the indicators of Ethos Institute of Businesses and Social Responsibility.

It also integrates the Organizational Stakeholders Program of the Global Reporting Initiative - GRI group. One of its attributions is to participate, with voting power, in the elections for the GRI Stakeholders Council, which occurs every three years. SANASA has also participated in public polls about GRI's G4 version and was present at its Global Conference, held in Amsterdam, in May, 2013, when this new model of Sustainability Report was launched. It was the only sanitation company in the Brazilian delegation in this conference.

G4-16

Participation in national or international defense associations and organizations where the organization sits on the governance board; participates in projects and commissions; contributes with financial resources beyond the basic fee as an associated organization; and considers its participation as strategic

R. SANASA keeps active participation in Piracicaba, Capivari and Jundiaí river basins - PCJ water resource policies, working together with the Municipal Department of Green and Sustainable Development of Campinas. The Company represents the National Association of Municipal Sanitation Companies – ASSEMAE in the PCJ River Basin State and Federal Committee.

At ASSEMAE, SANASA also takes up the Technical Assistance Board for Municipal Associated Sanitation Services and the regional Vice-Presidency of the State of São Paulo unit and sits in all Technical Chambers that formulate and execute the region's water resource policy and the basin plan. Presently, it takes up the Vice-Presidency of the Committees.

It is also present in the Municipal Council for the Defense of the Environment - CONDEMA and in the Thematic Chambers of the Metropolitan Region of Campinas, since it addresses the planning of sanitation works, a public health tool for Campinas and the entire region.

Since joining the PCJ Consortium in 2003, the CEO of SANASA takes up the Vice-Presidency of the Waters Monitoring Systems, due to his regional relevance, and the Vice-Presidency of the PCJ River Basin Committees. Every year SANASA subscribes projects aimed at obtaining resources provided by the National Water Agency - ANA and those from collection of the PCJ River Basin, in addition to proceeding with its plan for full coverage of water supply and sanitation of Campinas.

It also participates in the ABNT/CB-25 CE-2 Study Commission, which will review the rules that make up the ISO 9000 series.

It participates as a member of the Group of Studies and Works for Humanitarian Assistance - GETAH in Campinas; in the Sanitation Theme, of the maintenance of the Campinas Competitiveness Indicators Portal; and in surveying methodologies used by SANASA to draft and compile data provided to financial planning, to be submitted to the National Information System on Sanitation - SNIS.

Throughout 2013, SANASA participated in the drafting of the Municipal Basic Sanitation Plan - PMSB, along with Campinas City hall technicians. The PMSB is short, medium and long term strategy to meet the urges of the population relating to the areas of water supply, sewerage system, waste and urban drainage and rainfall management. On December 19th, 2013, Municipal Decree no. 18.199 instituted the PMSB, meeting the deadline, December 31st, 2013, established by Federal Act no. 11.445 of January 5th, 2007.

In 2013, SANASA became part of the National Board of Directors of ASSEMAE -, taking up the Board of Technical Assistance to Associated Municipalities.

SANASA's activities are regulated by the Regulatory Agency for Sanitation Services - ARES PCJ.

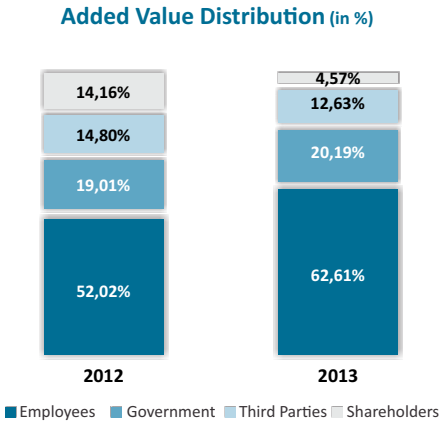
MAIN INDICATORS

ADDED VALUE DISTRIBUTION

G4-EC1

Direct Economic Value generated and distributed

SANASA's Added Value Distribution - DVA in 2013 reached R$ 400,503 thousand, decreasing 2.92% if compared to the 2012 fiscal year, when R$ 412,557 thousand were distributed. From this value, 4.57% were allocated to shareholders (interest on stockholders' equity and dividends), 12.63% to third parties (interest and rentals), 20.19% to the government (taxes, rates and contributions) and 62.61% to employees (including direct remuneration, benefits and Government Severance Indemnity Fund for Employees - FGTS).



G4-EC3

Coverage of obligations provided for in the organization's benefit plan

PENSION PLAN

Description	2011	2012	2013
Total	**6.428**	**7.504**	**8.434**
Petros - Ordinary Contribution 6%	3.238	4.313	5.219
Petros - Ordinary Contribution - PAI	142	126	112
Petros - Optional Contribution	-	-	-
Petros - Amortization of Past Service Cost	3.003	3.012	3.040
Petros - Managing Committee Fund Mixed Plan	45	53	64

IMPACT OF INVESTMENTS

G4-EC7

Development and impact of the investments in infrastructure and services offered

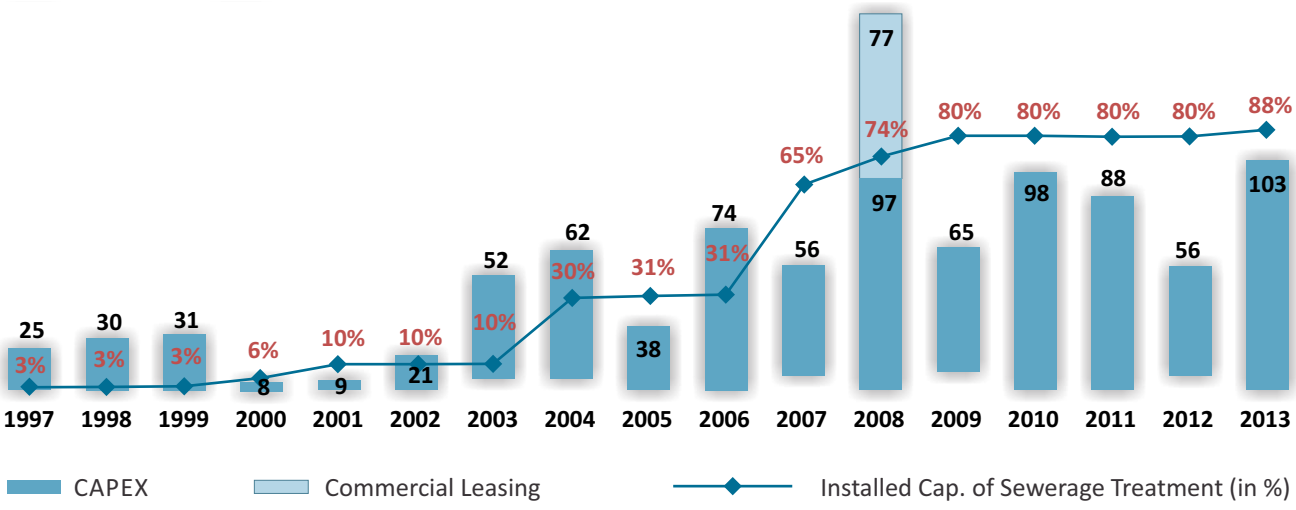
R$ 103,201 thousand were invested in 2013. 15.33% of this amount was used in water supply works, 75.28% in sewerage collection, dumping and sewage treatment systems, and the remaining 9.39% was applied in other investments. The Company's fixed assets, net of the depreciation, added R$ 762.7 million.

Description	2011	2012	2013
Total Investments (in R$ thousands)	**88.071**	**55.988**	**103.201**
Operational Water System	12.206	11.014	15.807
Operational Sewerage System	69.360	37.017	77.687
Other Investments	6.505	7.956	9.707

Among the several works carried out in water supply systems, the replacement of networks in the neighborhoods of Jardim Chapadão, Jardim Eulina - Zona Alta, Jardim Leonor, Vila Joaquim Inácio, Jardim das Oliveiras and Jardim Nova Europa - Block 1 and the expansion and optimization of the Sludge Treatment Plant (ETL) in Water Treatment Plants - ETA's 3 and 4 should be highlighted.

With regard to sewerage collection, dumping and treatment system works, the following stand out: Sewerage System - SES Capivari II - Allotment 2; SES Sousas/Joaquim Egídio; SES Taubaté - Phase 1; SES Satélite Íris - basins 1 and 2; SES Parque Santa Bárbara; SES Parque das Universidades and the sewage interceptor of Anhumas System - Santa Cândida stretch. In total, since the Company's going public in 1997, R$ 984,018 thousand have been. The greatest portion of this amount (72.09%) was applied in the sewerage system, allowing the installed capability of sewerage treatment to go from approximately 3% (in 1997) to 88% (in 2013).

Investment History (CAPEX) (in R$ million)



G4-EC8

Significant indirect economic impacts

The investment made in 2013 was the greatest of SANASA's history, except for the amount of R$ 71,597 thousand added to the fixed assets in 2008, as a result of the rental agreement (commercial leasing) made by SPE Capivari Ambiental S/A and SANASA, in which the former was responsible for works related to the construction of Capivari I Sewage Treatment Plant - ETE and, the latter for supervising the works and lease of the system for a period of 240 (two hundred and forty) months.
According to the contract, after the end of the lease, SANASA will own all assets, rights and privileges related to the exploration of the system implemented by the SPE.

G4-EC4

Financial assistance received from the government

In 2013, SANASA received R$ 45,859 thousand of financial assistance from government grants, being R$ 41,597 thousand from the Programa de Aceleração do Crescimento - PAC, R$ 2,243 thousand from the Piracicaba, Capivari and Jundiaí Rivers Consortium - PCJ, R$ 1,071 thousand from the Water Resources State Fund- FEHIDRO, and R$ 948 from the Water Recovery Support State Program - REÁGUA.

	2011	2012	2013
Total (em R$ mil)	**44.686**	**19.270**	**45.859**
PAC	38.707	14.438	41.597
PCJ	3.077	3.516	2.243
FEHIDRO	2.902	1.316	1.071
REÁGUA	-	-	948

INDEBTEDNESS

SANASA ended 2013 with net debt of R$ 235,548 thousand, i.e., 3.6% less than previous year. The net debt to EBITDA ratio of the last twelve months was 2.83.

	31/12/2011	31/12/2012	31/12/2013
Net Debt (1 + 2 + 3 + 4 - 5) in R$ thousands	**258.757**	**244.399**	**235.548**
1. Loans	141.760	129.228	130.523
2. Finame	4.337	2.606	6.752
3. Financing	79.002	60.771	51.285
4. Commercial Leasing	58.872	57.694	56.381
5. Cash and Financial Applications	25.214	5.900	9.393

G4-EN31

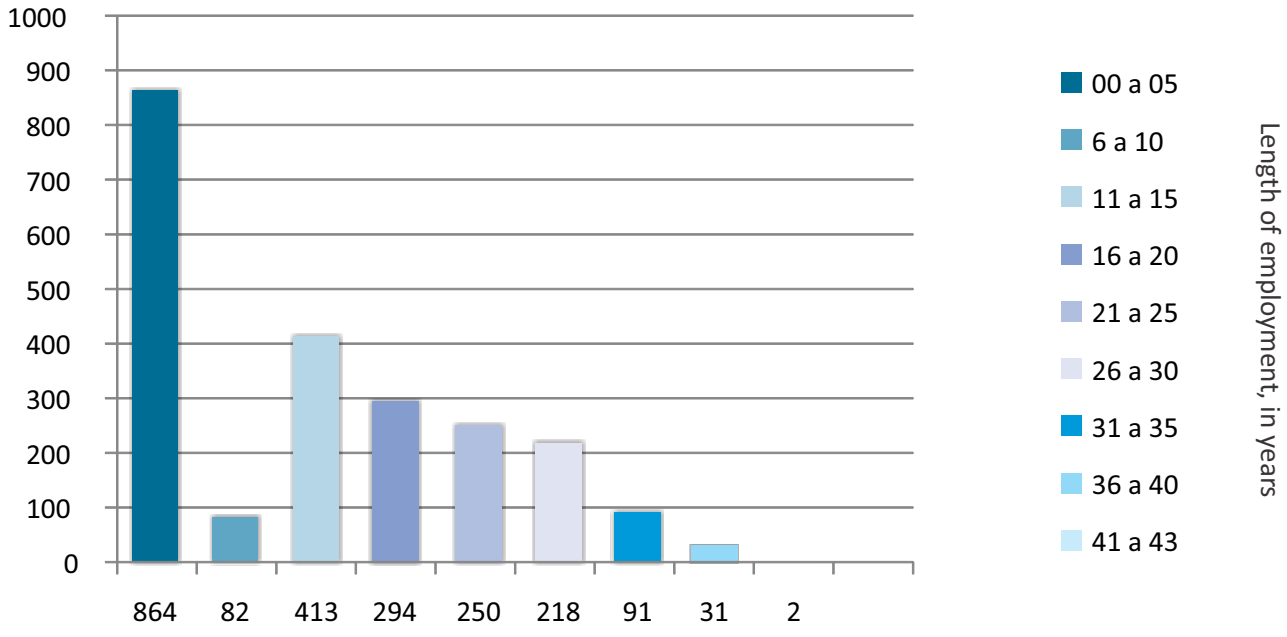
Total of investments and expenditures on environmental protection, by type

ENVIRONMENTAL PROTECTION

In 2013, Sanasa invested R$ 8,711 thousand on environmental control and protection, out of which 13.6% were allocated to external environmental programs and projects, 35.1% to removal of sludge and residues, 15.1% to the National Water Agency – ANA, 29.1% to the Regulatory Agency for Sanitation Services in the Piracicaba, Capivari and Jundiaí River Basins - ARES PCJ, and 7.2% to the Intermunicipal Piracicaba, Capivari and Jundiaí River Basins Consortium - PCJ Consortium.

	2011	2012	2013
Total	**6.908**	**9.940**	**8.711**
Contribution Inv. Piracicaba/Capivari River Basins Cons.	261	282	625
Basic Sanitation Regulation and Inspection Rate - ARES/PCJ	-	1.685	2.534
Collection Rate of Water Resources – ANA	1.821	2.216	1.315
Removal of Sludge and Residues	3.542	3.709	3.054
Investment in external programs and/or projects	1.284	2.048	1.183

Distribution of Employees for length of employment - Total: 2245

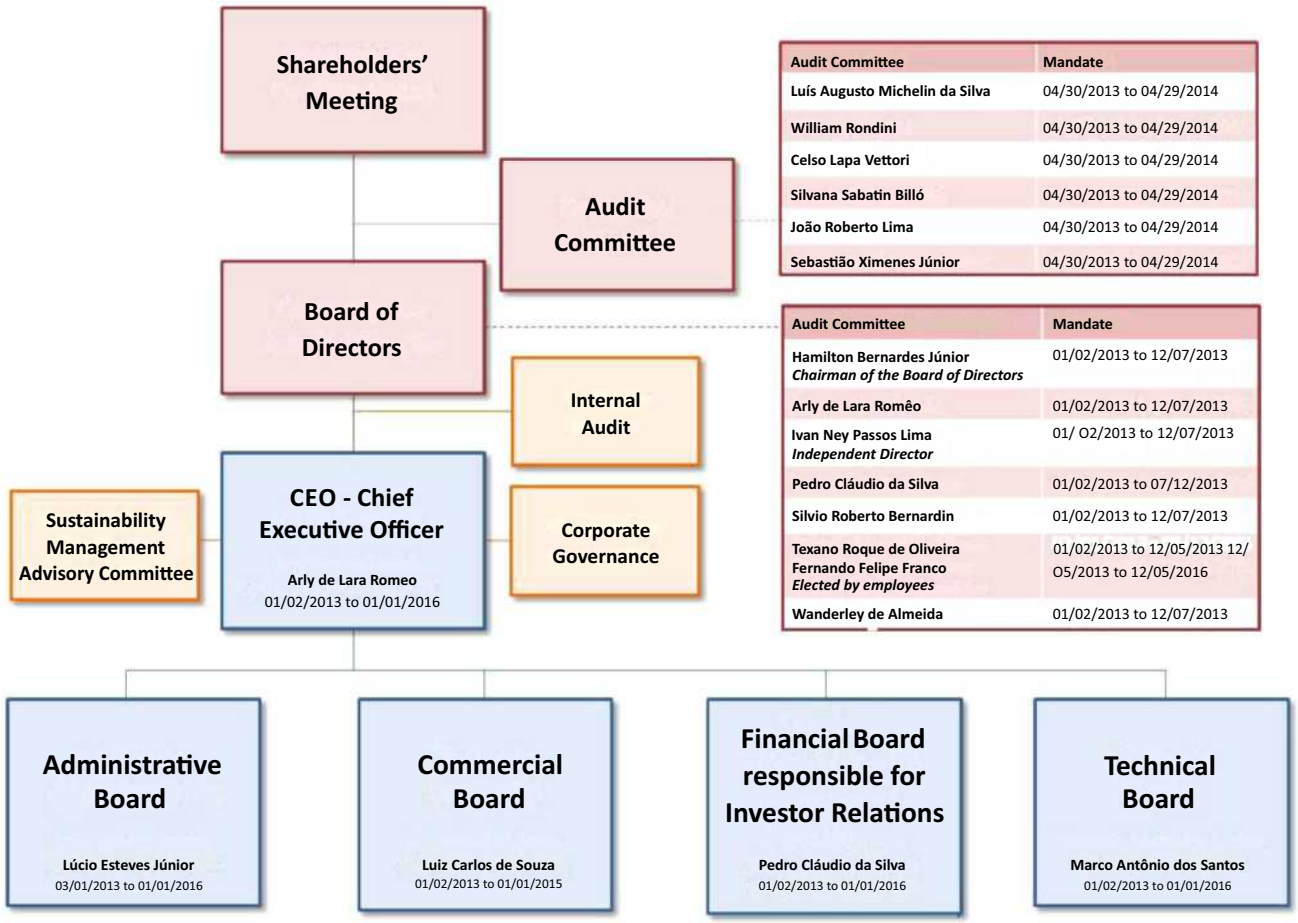


GOVERNANCE

THE CORPORATE RISK MAP IS A TOOL FOR STRATEGIC DECISION MAKING

G4-34 Governance Structure

G4-38 Structure of the highest governance body



Audit Committee	Mandate
Luís Augusto Michelin da Silva	04/30/2013 to 04/29/2014
William Rondini	04/30/2013 to 04/29/2014
Celso Lapa Vettori	04/30/2013 to 04/29/2014
Silvana Sabatin Billó	04/30/2013 to 04/29/2014
João Roberto Lima	04/30/2013 to 04/29/2014
Sebastião Ximenes Júnior	04/30/2013 to 04/29/2014

Audit Committee	Mandate
Hamilton Bernardes Júnior *Chairman of the Board of Directors*	01/02/2013 to 12/07/2013
Arly de Lara Romêo	01/02/2013 to 12/07/2013
Ivan Ney Passos Lima *Independent Director*	01/ O2/2013 to 12/07/2013
Pedro Cláudio da Silva	01/02/2013 to 07/12/2013
Silvio Roberto Bernardin	01/02/2013 to 12/07/2013
Texano Roque de Oliveira Fernando Felipe Franco *Elected by employees*	01/02/2013 to 12/05/2013 12/ O5/2013 to 12/05/2016
Wanderley de Almeida	01/02/2013 to 12/07/2013

The mandates of the members of the Board of Directors, elected in 2013 were renewed in December and will be in force until 2016. The Technical Officer and the Financial Officer responsible for Investor Relations are career employees and already held the positionsof Officers in the previous management (2012). The Company actively participates in outside bodies. This activity provides information that contributes to decision making (know the agencies on the next pages).

G4-35

Delegation of authority about economic, environmental and social topics by the highest governance agency for senior executives and other employees

Ethos Indicator 5a: Organization governance, Phase 2 - The Company establishes internal and external controls and monitors the outcomes. These controls guide the process of decision making.

R. According to art. 19 of the Articles of Incorporation, SANASA's Executive Board is made up by one CEO and four Officers elected by the Board of Directors, all of them with a mandate of three years, reelection being permitted. According to the Articles of Incorporation, the Technical Officer should be a SANASA career employee.

In the absence of the CEO (Chief Executive Officer), the CFO will assume. In his absence, and in the absence of other Officers, the Officer appointed by the Board of Directors will assume.

As of 2013, the Sustainability Management Advisory Committee was transferred from the Technical Board to the CEO, making it clear that, in the company, sustainability is not only a department, but part of the entire management.

G4-36

Report whether the organization designated one or more positions and functions in executive level as responsible for economic, environmental and social issues and whether these people report to the highest governance body

R. In 2013, SANASA created the Technical Work Group to achieve the objectives of the "300% Universal Sanitation Plan" related to:

- 100% of installed capacity for sewage treatment until June of 2016;
- 100% of sewage collection and dumping until December of 2017, in neighborhoods that have already water mains;
- 100% of supply, collection and dumping of sewage until December, 2020 in neighborhoods without sanitation yet (water and sewage networks).

The group reports to the Executive Board and is made up of ten members, being nine at executive level.

G4-37

Consultation processes used between *stakeholders* and the highest governance body with regard to economic, environmental and social issues. If the consultation is delegated to other structures, bodies or persons, appoint to whom and any existing processes for *feedback* to the highest governance body

G4-14

Report whether and how the organization adopts the approach or principle of

Ethos Indicator 1: Sustainability strategies, Phase 1 - The Company includes social aspects and environmental issues in its strategies.

R. After the creation of a Methodology for construction of the Corporate Risk Map in 2012, in 2013 through the Corporate Governance Management, SANASA consolidated risk identification and assessment works to prepare the Map.

For this work, custom presentations and training classes were provided to every manager of the Company: Officers, Managers and Coordinators.

After due clarifications, the work phase was performed. In that, the administrators identified corporate risks in their areas with the support and monitoring of the Governance Management, responsible for the Company's Risks Management. After that, all risks were analyzed and ratified by the respective Administrators.

The Company will use the Corporate Risks Map to build its materiality matrix, and will use it as strategic decision making tool, both in financial aspect and technical aspects.

In 2014, SANASA intends to proceed to the elaboration of the Water Safety Plan. The information contained in both documents – Risks Map and Water Safety Plan – will form a base for research done with the engagement of several stakeholders, to define strategic issues for the Company.

It's worth highlighting that SANASA has some feedback channels with its stakeholders coming from the Ombudsman and the Satisfaction Poll, made by the Customer Service department.

The Company participates in outside bodies. This activity furnishes information that also contributes to decision making (know the agencies on the next pages).

G4-39

Report if the President of the highest governance body is also an Executive Officer

G4-40

Processes of selection and appointment to the highest governance agency and its committees, as well as the criteria adopted to select and appoint the members of the highest governance agency, including diversity, independence, knowledge, and stakeholder involvement

R. The Chairman of the Board cannot be the Company's CEO. The Board of Directors, a decision-making body, is made up of seven members, being one of them an independent director, one representative of employees, the company's CEO and the others are appointed by the controlling shareholder, being the Chairman of the Board one of them. The members of the Board have a mandate of three years, being reelection allowed.

All of them shall be shareholders residing in the country, elected and deposed at any time by the Special Shareholders Meeting, which shall also define their remuneration.

Among the elected members, the Special Shareholders' Meeting shall elect the Chairman of the Board of Directors, who shall be appointed by the Controlling Shareholder. The company's CEO, a natural member of the Board, cannot be appointed.

In the makeup of the Board of Directors, the company shall organize direct elections together with a union entity for the position intended for a career employee.

In 2013, there was an election among the employees for the position of member of the Board of Directors, according to paragraph 2 of art. 15 of the Articles of Incorporation. The elected employee will fulfill the mandate from 12/05/2013 to 12/05/2016.

At least one of the places in the Board of Directors must be occupied by an independent director elected by the Shareholders' Meeting.

G4-42

Roles performed by the highest governance body and senior executives in developing, approving and updating the purpose, mission statement, vision and values, and definition of strategies, policies and targets related to organization's economic, environmental and social impacts

R. According to the Articles of Incorporation, the Board of Directors shall:
I. establish the general guidelines of Company's business and approve an annual activity program;
II. elect the Officers of the Company and determine their duties, as well as depose them by regular procedure and previous manifestation of the Controlling Shareholder;
III. appoint, by designation of the Executive Board, the members of the Internal Audit who will be assessed and approved by the Board of Directors;
IV. supervise the management of Officers, examine, at any time, Company's books and papers, request information on bidding proceedings, contracts executed or to be executed, and any others acts of the Board;
V. authorize the temporary replacement of an Officer, according to Art. 19, paragraph 6;
VI. call Shareholders' Meetings when convenient or in the case provided for in Art. 132 of Act no. 6.404/76;
VII. make a statement on the Management Report, Financial Statements, the proposal of allocation of the year's net profit and dividend distribution;
VIII. authorize the opening of bidding processes to select independent auditors;
IX. analyze and deliberate on fee increase proposals;
X. decide on the opening, organization and extinction of Specific Purpose Entities in the form of subsidiaries, branches, foreign branches, agencies, offices or representation;
XI. approve the Internal Regulation of the Company;
XII. decide on changes in the Company's Career Staff, by proposal of the Executive Board;
XIII. guide the Officers according to the decisions of the Board of Directors;
XIV. give opinions on omissions which are submitted to them by the Executive Board, when they are not under the jurisdiction of the Shareholders' Meeting.

Art. 22 The Executive Board shall:
I. comply and enforce compliance with the Articles of Incorporation, Internal Regulation, and the resolutions of the Board of Directors and the Shareholders' Meeting;
II. perform any acts required to the regular operation of the Company;
III. distribute corresponding duties, observing those contained in the Company's Internal Regulation, among its members;
IV. After the approval of the Executive Board and opinion of the Audit Committee, submit capital increase proposals to the Board of Directors;
V. After the approval of the Executive Board, submit proposal to change the Articles of Incorporation to the Board of Directors;
VI. elaborate and approve the Management Report to be submitted along with Financial Statements, the Opinion of the Audit Committee and the Independent Auditors Report, and submit for approval of the Board of Directors, in a meeting with the Audit Committee and for subsequent assessment by the Shareholders' Meeting;
VII. implement Expansion Plans for works in public water and/or sewage networks; and plan and program its activities according to technical updated criteria.

G4-43

Measures taken to develop and improve the knowledge of the highest governance body on economic, environmental and social issues

R. The Financial Statements, the Sustainability Report and the Internal Audit are effective means to improve the Board of Directors' knowledge.

G4-45

Role performed by the highest governance body in identifying and managing impacts, risks and opportunities arising from economic, environmental and social issues. Report if stakeholder consultation and relationship processes are used to support the highest governance body in identifying and managing impacts, risks and opportunities arising from economic, environmental and social issues

G4-46

Role performed by the highest governance body in analyzing the efficiency of organization's risk management processes for economic, environmental and social issues

R. On 06/28/2013, the Executive Board published the Corporate Risk Management Policy of Sanasa SAN.P.IN.PO 02.

Throughout the year, the Company's first Corporate Risk Map was elaborated. The risks were identified and assessed by the administrators, guided and monitored by the Corporate Governance Management, and approved by the Executive Board.

The Executive Board and the Board of Directors will use the Corporate Risk Map as tool for strategic decision making. The Corporate Governance Management will periodically report the monitoring of main risks to the Board of Directors through reports and presentations at Meetings of the Board of Directors.

G4-47

Report how often the highest governance body analyzes impacts, risks and opportunities arising from economic, environmental and social issues

R. As from 2014, the Corporate Governance Management will report the main risks and their respective monitoring to the Senior Management, through reports and presentations at Meetings of the Board of Directors. The outcomes will be reported on a regular basis, whenever mitigating actions and risk monitoring are defined.

The Corporate Risk Map is ongoing and dynamic and its reviews will be periodic, in response to risk treatment and according to internal and external scenarios and objectives of the administration.

During the follow-up, the assessment may go through changes, either in critical aspects or in probability, thus changing its entire context. Risks may even be withdrawn from the map while new risks may be included.

In the case of management change, which occurs every four years, the Risk Map may be changed according to guidelines and appetite for risks of each management.

G4-48

Higher level body or position that analyzes and formally approves the organization's Sustainability Report

R. The Board of Directors and the Executive Board approve the Sustainability Report.

G4-49

Process adopted to communicate critical concerns to the highest governance body

R. The Internal Audit reports critical concerns and the progress of any works developed through the Audit Portal available at the Company's website, with access restricted to Directors. The Internal Audit also makes presentations about its work during meetings of the Board of Directors.

The Corporate Risk Map, prepared in 2013, is also a decision making tool for the senior management of the Company. Through reports and presentations, the Corporate Governance Management will periodically report the main risks and their respective monitoring in meetings of the Board of Directors.

G4-50

Nature and total number of critical concerns communicated to the highest governance body and the mechanism(s) adopted to address and solve them

R. After the works done together with the Managements, the Corporate Governance listed approximately 120 Corporate Risks in Environment, Economic and Financial, Financial Statements, Compliance and Image categories.

In 2014, the Risk Map will be approved by the senior management, and the works for mitigation and monitoring of identified risks will be initiated.

Corporate risk management adds value to the image of the Company through monitoring in the rendering of accounts, providing greater confidence in its activities. In addition to that, it offers other direct benefits to the management of the Company, such as greater decision making safety, more effectiveness of internal controls and the possibility to recover improvement and new business opportunities.

In order to ensure the preservation of this and future generations, SANASA will seek, as of the conclusion of the Map, solutions to mitigate risks, aware that for each challenge a new business opportunity may appear.

All risks listed will be addressed by the Company in a work developed by the Corporate Governance in cooperation with the managements involved, which will be represented by "Governance Agents".

Each "Governance Agent" is an employee in one of the Company managements. He/she is designated as focal point for Corporate Governance matters. After the training, the "Governance Agent" will be responsible for monitoring how risks are addressed in his area.

G4-51

Remuneration policies applied to the highest governance body and senior executives

R. The members of the Board of Directors receive remuneration of 10% of the monthly remuneration average paid to members of the Executive Board, according to Municipal Decree 17.673 of 08/13/2012. Officers, Managers and all company employees receive PLR – Profit sharing, which is divided in two installments and paid in May and November.
Everyone receives Length of Service Additional – ATS, corresponding to 1% of their wages per year working in the Company.

G4-52

Process adopted for the definition of remuneration. Report if remuneration advisors are involved in determining the remuneration and if they are independent from the administration. Report any other relationship between remuneration advisors and the organization

R. In 2004, SANASA hired an independent advisory service to implement a Position and Wages Plan. This plan created broad positions and structures compatible with Company's needs, thus reducing the number of isolated positions the Company had before.

Respective activities were defined for each position. Assessments based in this new structure, called mapping were made. These mappings occurred in 2004, 2006, 2008 and 2010.

G4-53

Report how the opinions of stakeholders are requested and taken into account with regard to remuneration, including the results of voting on remuneration policies and proposals, if applicable.

R. Every year, Union and Company representatives (Board) meet to sign the collective bargaining. Discussions occur in April, and the bargaining enters into force as of May 1st. Social clauses are discussed and reviewed every two years.

SANASA'S STRATEGIC GUIDELINES

G4-56

Values, principles, standards and behavior rules at the organization

Ethos Indicators 4: Code of Conduct, Phase 1 - The Company adopts and applies conduct standards to guide the behavior of its employees.

Ethos Indicator 19: Social Responsibility/Sustainability Management, Phase 1 - The Company adopts specific practices related to RSE / Sustainability.

MISSION

- Contribute to the life quality of the population of Campinas, aiming at meeting present and future basic sanitation needs;
- Planning and promotion of actions for municipal environmental sanitation;

Participate in sanitation-related activities in national and international scope;

- Develop actions focused on social and environmental responsibility.

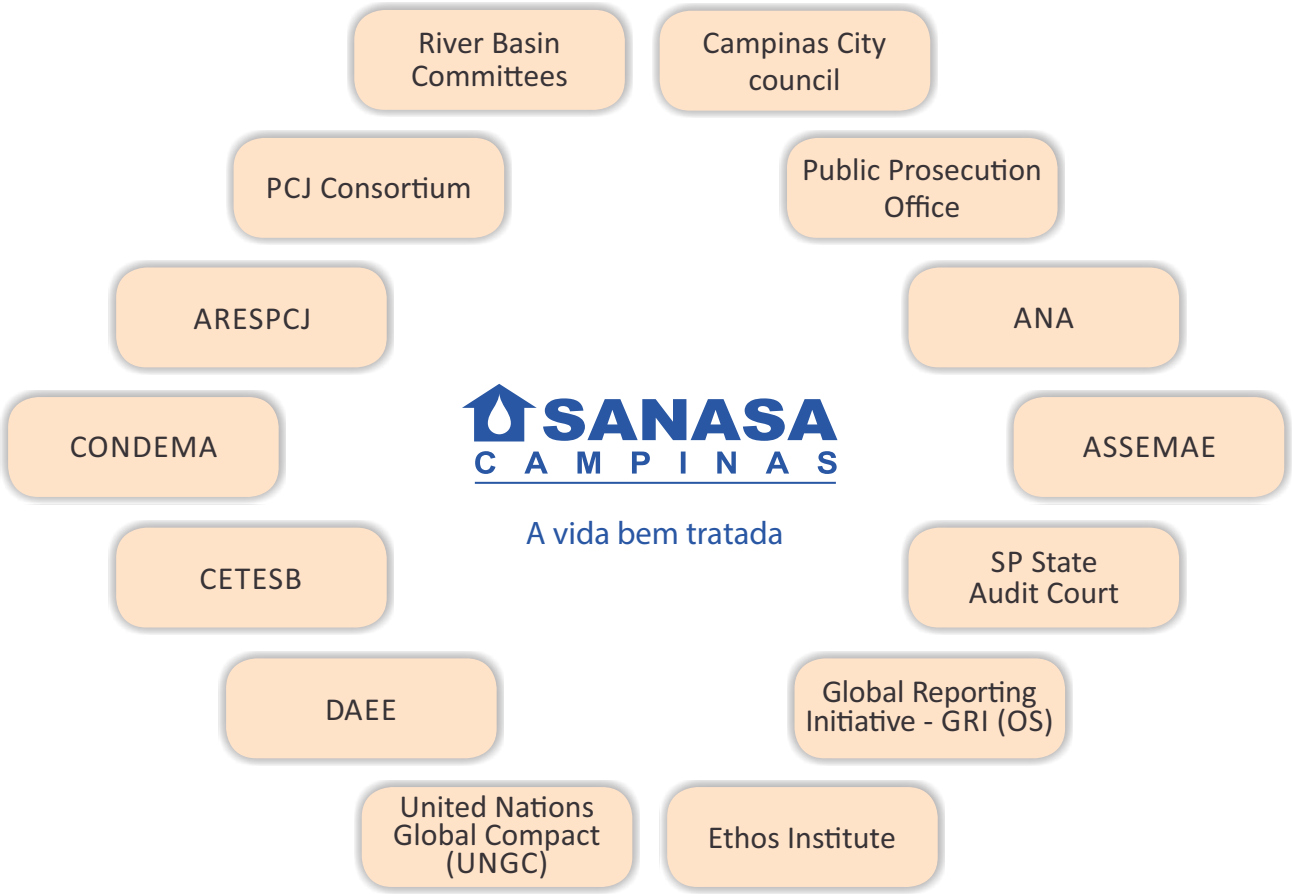
VISION

- Be acknowledged as one of the country's best municipal companies in the sanitation area of GUIDELINES
- Efficiency of the business management;
- Technological efficiency and business ethics;
- Social and environmental responsibility;
- Certifications and accreditations;
- Code of professional ethics.

RELATIONSHIP WITH EXTERNAL BODIES

G4-16

Participation in associations



ASSEMAE - National Association of Municipal Sanitation Services: it gathers almost two thousand associates from Brazilian municipalities, City councils and water and sewage autonomous services. Through ASSEMAE, SANASA, as an associate, has a seat and right to vote in the Technical Planning Chamber - CTPL of PCJ River Basin committees. This chamber is the main one among the 12 that make up the committees, as decisions, such as the release of funds through hierarchy of projects presented, are taken in the association.

ARESPCJ - Regulation Agency of Sanitation Services: regulates and inspects public basic sanitation services.

River Basin Committees – The Committees, provided for in the National Water Resource Management System, work as the "Parliament of Water" and are made up of government representatives, water users and civil society organizations. In the case of Piracicaba, Capivari and Jundiaí river basins – PCJ, there are three Committees: one PCJ for the State of São Paulo, the Federal PCJ Committee, and the PJ (Piracicaba and Jaguari) Committee. They act jointly in meetings and resolutions to solve issues.

PCJ Consortium – Intermunicipal Consortium of Piracicaba, Capivari and Jundiaí River Basins: a private nonprofit association made up by municipalities and companies whose purpose is to recover water supply sources in its coverage area.

Campinas City Council – Majority shareholder and also responsible for defining municipal public policies whereby SANASA establishes its working plans and targets.

São Paulo State Audit Court– Approves Sanasa's accounts and biddings.

Public Prosecutor Office - SANASA and the Public Prosecutor Office maintain an ongoing relationship through which the company promptly provides the information requested and forwards reports from time to time with updated data.

Global Reporting Initiative - SANASA participates in this international initiative as an OS - Organizational Stakeholder, entitled to vote in the election of members of the Board of Directors and, also, with right to elect its representative in this Board.

United Nations Global Compact - UNGC - SANASA subscribes this Pact launched in 2000 by the UN, whose objective is to increase the enforcement of 10 principles related to human rights, labor, environmental protection and the fight against corruption.

Ethos Institute of Business and Social Responsibility - In 2012, SANASA joined the Institute.

SANASA also maintains partnership with other bodies, such as:

- Other Sanitation companies;

Secretariat of Green and Sustainable Development: carries out environmental licensing and is the venture supervisory and normative body in Campinas, under competence of the Secretariat;

- Environment Council - CONDEMA;
- State of São Paulo Environment Company - CETESB: licenses and inspects activities considered potentially polluting;
- National Water Agency - ANA: coordinates shared and integrated management of water resources and regulates access to water, promoting its sustainable use for the benefit of present and future generations;
- Water and Electric Power Department – DAEE: São Paulo State water resource managing body.

ETHICS AND INTEGRITY

G4-57

Internal and external mechanisms adopted to ask for guidelines about ethical behavior and behavior in compliance with the legislation, such as relationships channels

Principle 10 of the Global Compact - UNGC of the United Nations:
to fight corruption in all of its forms, including extortion and bribery.

Ethos Indicator 7: Phase 1 - Engagement of stakeholders.

Ethos Indicator 20: Phase 1 – Monitoring of business impacts in the human rights.

R. COMMUNICATION MECHANISMS

Sanasa provides the Public Transparency Portal with the following minutes and reports:

- Minutes of Annual and Special Shareholders' Meetings
- Minutes of the Audit Committee
- Minutes of the Board of Directors
- Social Balance Sheet
- Notices to Investors
- Financial Statements
- Fact Sheet
- Strategic guidelines
- Revenues and Expenses
- Bidding processes
- Remuneration of employees
- Sustainability Report.

Direct contact:

- At www.sanasa.com.br
- The Call Center operates 24 hours a day, seven days a week, following customer service procedures. In order to ensure the safety of the information and respect to the consumers, calls are recorded.
- Customer service agencies: Sanasa has 11 customer service agencies in Campinas.

G4-SO1

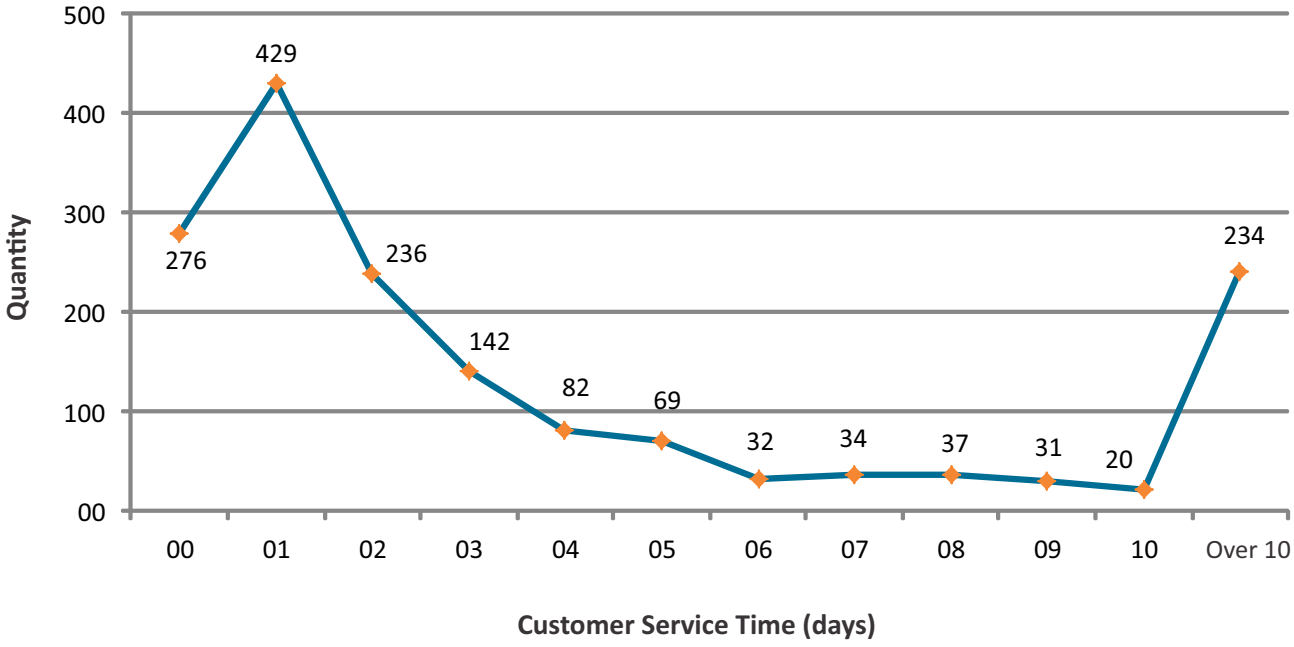
Percentage of operations with programs implemented for local community engagement; assessment of impacts and local development; formal processes for social community claims

G4-SO11

Number of claims and complaints related to impacts in society, registered, processed and solved through formal mechanism

R. The Ombudsman's Office, created in August 2012, linked to the Corporate Governance, is a permanent channel of communication with citizens. It receives and analyzes demonstrations on the services provided by the company, identifies possible causes of deficiency in service and, in partnership with other areas of the company, forwards issues raised, seeking the improvement of customer service and quality of the services provided. In 2013, the Ombudsman's Office received a total of 1,645 demonstrations, and answered and closed 99% of them.

Demonstrations X Customer Service Time



Obs.: 99% of demonstrations answered and closed.
76% answered within 05 working days.
67% answered within 03 working days.

G4-58

Internal and external mechanisms adopted to communicate concerns related to unethical behavior or behavior incompatible with the legislation and issues related to the organizational integrity, such as forwarding of concerns by the hierarchical ways, mechanisms for denunciations of irregularities or denunciation channels

Principle 10 of the Global Compact - UNGC of the United Nations:
to fight against corruption in all of its forms, including extortion and bribery.

Ethos Indicator 20: Phase 1 – Monitoring of impacts of businesses to human rights.

Ethos Indicator 4: Phase 1 – Code of Conduct.

R. The Code of Ethics is a tool of improvement of Governance, which aims to establish consistent standards of ethical reference with their time, culturally suitable and skilled to regulate the healthy and harmonious living in working environment, with external reflections.

The Code of Ethics interacts with current legislation, with Services Regulations and SANASA's related Standards, if applicable, and gathers the guidelines that must be observed in the routine professional activity of its employees, and always aims to achieve larger goals of quality and continuous improvement.

The Ethics Committee, established by company Ordinance, and made up by one president, six permanent and two substitute members, is responsible for the managing the Code of Ethics.

The Ethics Committee answers to internal and external claims, in writing, delivered through Customer Service, sent through the SANASA website or delivered in person to one of the Committee members.

The relationship with suppliers and service providers is guided by strict adherence to the principle of legality, with ethics and respect. No privileges are granted and no forms of discrimination are allowed. So, SANASA established a Supplier Registration System, which enables technical evaluation, in addition to defining the Material, Work and Service Procurement Standard, as well as the Contract Management Standard, in compliance with Act 8666.

G4 - OPERATIONAL MANAGEMENT

SANASA RENEWS QUALITY MANAGEMENT CERTIFICATION

The Quality Management System is the primary path for company continued standardization and improvement of its activities. At SANASA, the certification scope for the Quality Management System covers all activities and sectors.

SANASA's Quality Management System is audited once a year by the Brazilian National Standards Organization - ABNT. Upon meeting the requirements of standard NBR ISO 9001:2008, without nonconformities for the eighth consecutive year, SANASA renewed its certificate. The process was developed under the leadership of the CEO and the Officers, who conducted the Critical Analysis of the Board.

Complete cycles of processes were checked through field follow-ups by external auditors in the field, from service requests to their implementation. In each phase, auditors interviewed employees, including managements and operational areas, serving all customers, water and sewage connection, repair of leakages, water lifting and treatment, sewage treatment, in addition to administrative and financial processes.

In 2013, the Company also underwent internal audits in more than sixty areas, made by internal able auditors by the Quality and Technical Relations Management, continuing the consolidated management system program. Extraordinary audits were conducted in 15 areas; a task that relied on the experience of Quality and Technical Relations Management employees. These actions were crucial to obtain good results in the 2013 external audit conducted from August 5th to 9th.

The document control system implemented allows you to locate any rule, procedure, instruction or manual effectively, while controlling distribution, changes and approvals, thus preventing the use of obsolete documents.

Through the quality policy, the company consolidates employees' awareness for compliance with daily tasks. By measuring processes through performance indicators, it is possible to visualize the fulfillment of certain goals.

Receiving and keeping a Quality Certification, and seeking to innovate and improve the activities in a mixed capital Company with industrial processes, customer service agencies, administrative and financial structures and several operation and maintenance devices, divided and shared by public streets is a large and permanent challenge in the endless search for continuous improvement.

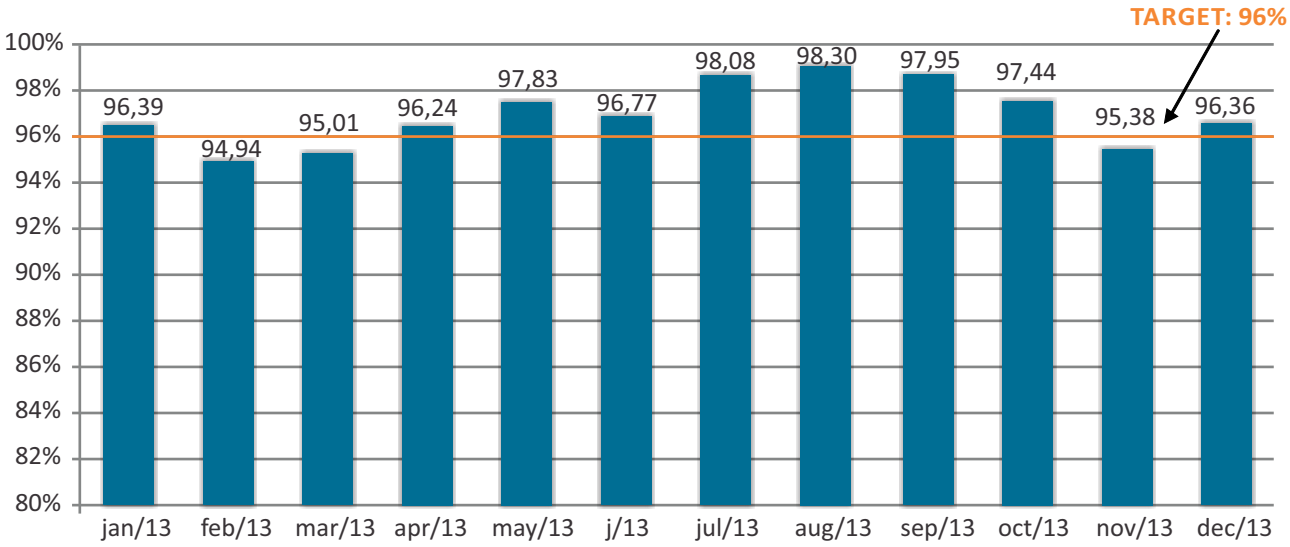
G4-SO1 Processes of extensive consultation to the local community, including vulnerable groups

G4-PR5 Results of customer satisfaction surveys

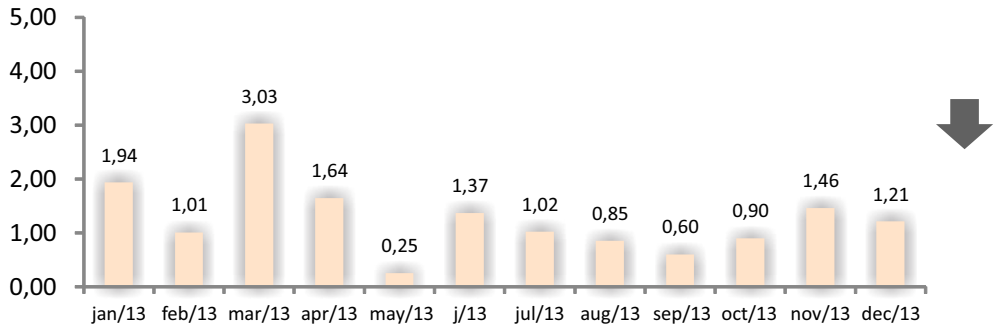
Ethos Indicator 2: Value proposal, Phase 3 - Satisfaction surveys showed good evaluation by service users.

R. The objective of the Customer Satisfaction Survey is to know and assess the customer opinion on services provided by SANASA. Its methodology follows the internal technical instruction SAN.P.IN. IT 01 – Customer Perception Methodology Assessment, and the outcome is stored on the intranet, protected by password. For those with access, it can be consulted at http://servnet/Intranet/questionario/que_exibe.asp.

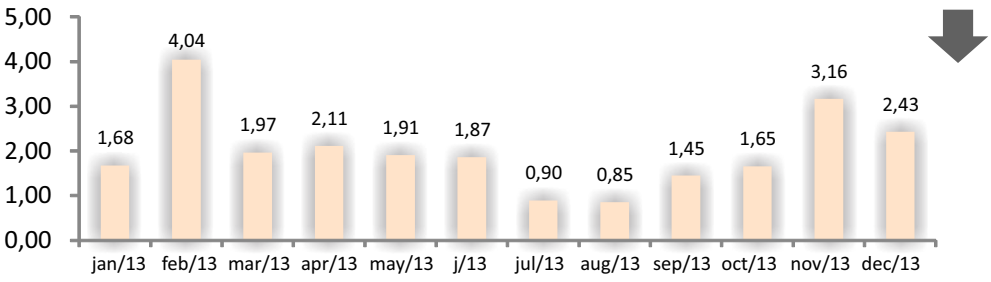
Customer Satisfaction Survey (%) – Scores from 5 to 10



Answers (%) scores 3 and 4

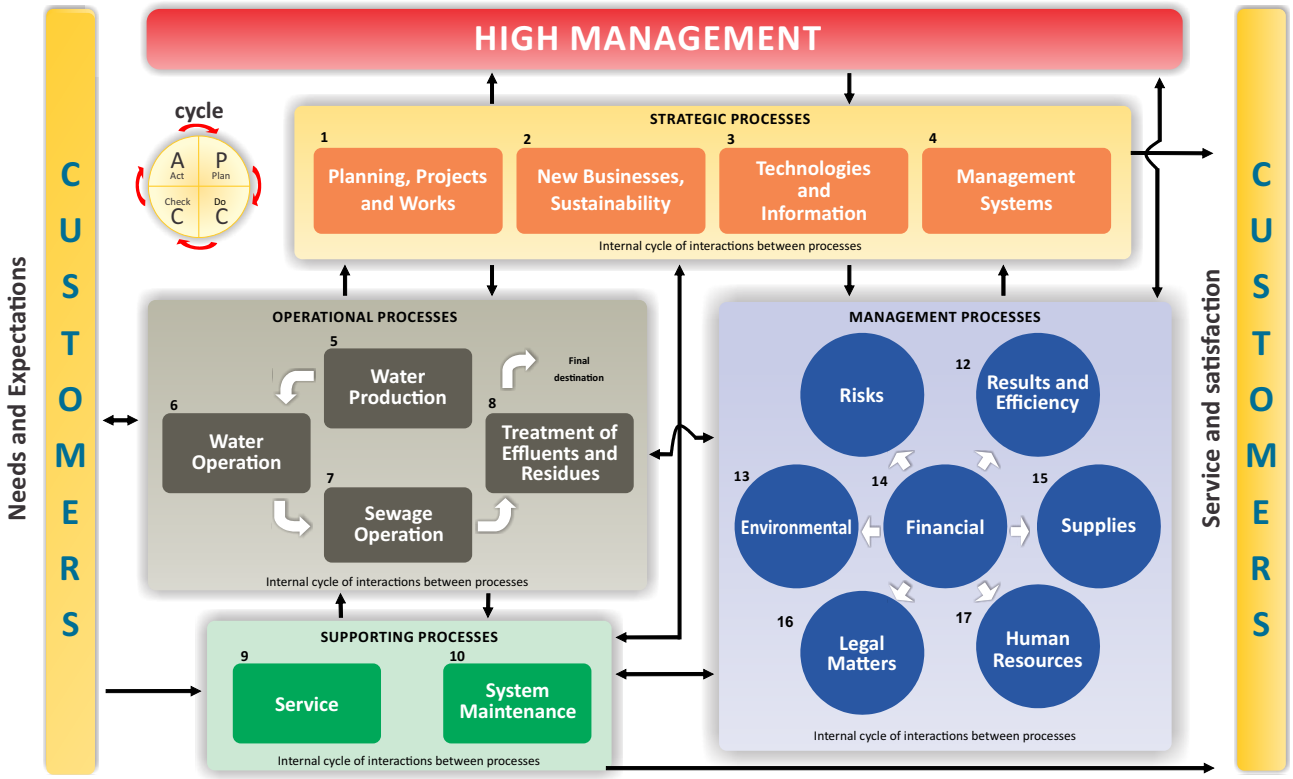


Answers (%) scores 1 and 2



All processes share a common concern, both internal or external, and are grounded in the processes map, reviewed in 2013 (see below).

Process and interaction map



The company also started to implement the Quality Management System based on the Standard ABNT NBR ISO/IEC 17025 for laboratories of analysis and water quality control, analysis and control of effluents and water metering, collecting applicable documents and conducting initial diagnostic audit. It also started the social responsibility management system based on standard NBR 16001, forming five work groups, in addition to the general management group, formed by technicians of the Quality and Technical Relations Management and Social Program Advisory Services.

After the deployment of the environmental management system, based on standard NBR ISO 14001, at the Atibaia Catchment and ETAs 3 and 4, environmental aspects and impacts were listed and the applicable documentation was prepared.

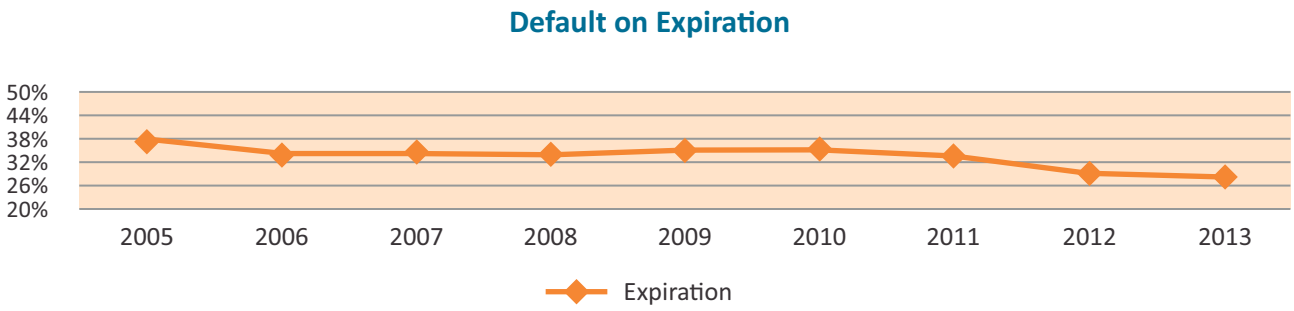
G4-SO1

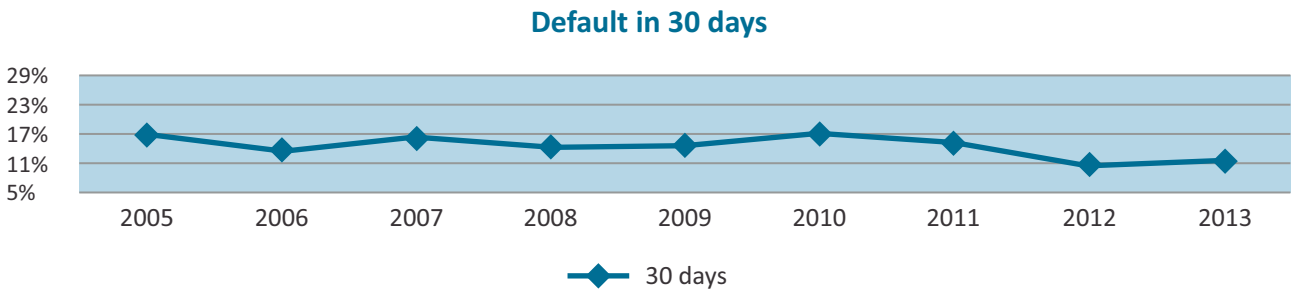
Percentage of operations with local community, impact assessment and local development programs implemented

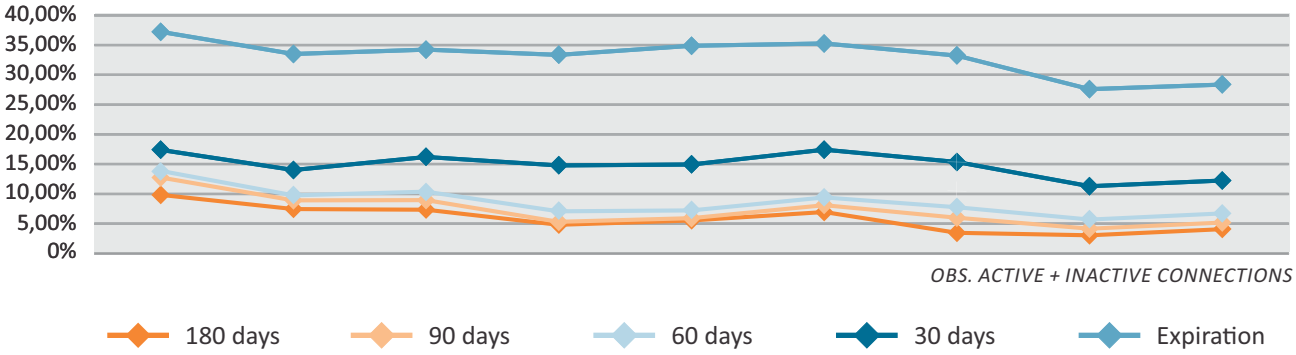
R. SANASA's indicators are published in the National Sanitation Information System - SNIS, a diagnosis of Water and Sewage Services published by the Ministry of Cities, through the National Environment Sanitation Department. The System provides information and indicators on water supply and sewage for the whole country. SNIS Water and Sewage Services Diagnoses are available at www.snis.gov.br.

DEFAULT

Since 2011 SANASA has been recording continuous decrease of pending debts on the expiring dates of invoices and in default over 30 days. These results arise from preventive measures adopted for default reduction. Among other provisions, information actions with debtors regarding company procedures in negotiation services, shut off of water supply, protest, withdrawal of credit and action have been intensified.







Fiscal Year	2005	2006	2007	2008	2009	2010	2011	2012	2013
180 Days =>	9,83%	7,47%	7,35%	4,82%	5,56%	6,96%	3,47%	1,24%	3,04%
90 Days	12,75%	8,90%	8,95%	5,31%	5,92%	8,13%	5,99%	2,90%	4,15%
60 Days	13,85%	9,78%	10,36%	7,07%	7,23%	9,43%	7,77%	4,97%	5,70%
30 Days	17,40%	14,01%	16,21%	14,80%	14,94%	17,42%	15,36%	11,27%	11,29%
Expiration	37,22%	33,50%	34,21%	33,35%	34,87%	35,26%	33,24%	28,43%	27,59%

FIDELIDADE

G4-EC8

Significant and indirect economic impacts, including extension of impacts

Ethos Indicator 2: Value proposal, Phase 3 - The Company identifies the needs of its consumers and customers and, in order to satisfy them, apply social and environmental features and aspects to its products or services.

R. Over ten years ago, SANASA implemented the fidelity contract as a complement of tax policy procedures aimed at attracting and keeping customers.

The fidelity contract grants a discount of 40%, in average, in water and sewage taxes for the commercial and industrial customers whose consumption exceeds 80 m³/month.

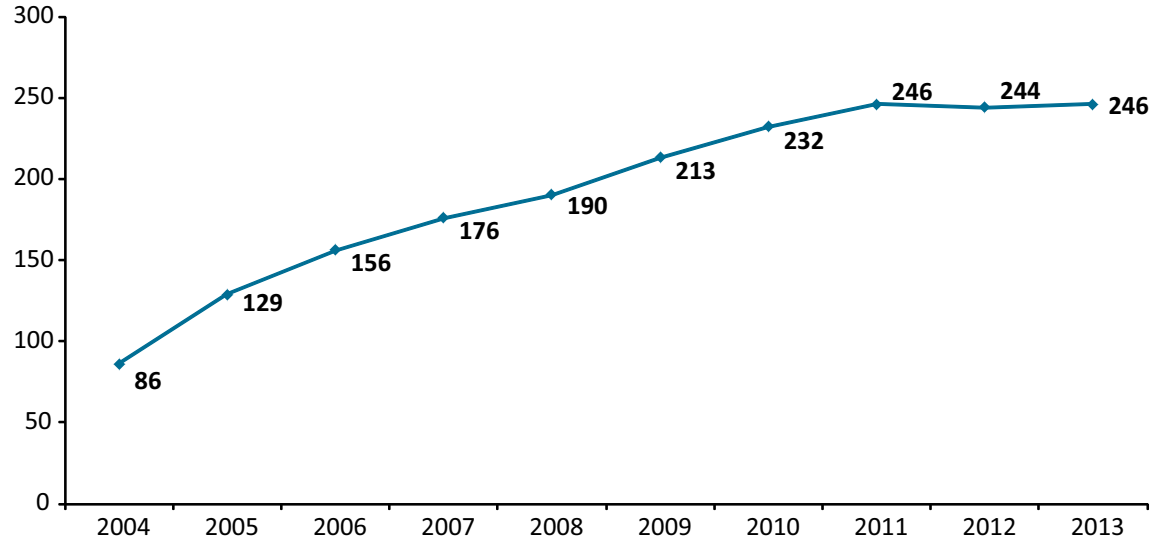
As of 2005, the hospital system of the municipality received the benefit of a 50% linear discount in water and sewage rates to those who join the Hospital Fidelity Contract. In order to do so, the institution must be part of the Unified Health System - SUS or provide proof of ongoing beneficent care (not sporadic).

The hospital must not have receive benefit from SANASA. If it is not part of SUS, the hospital must provide laboratory medical examinations to Municipal Hospital Mario Gatti.

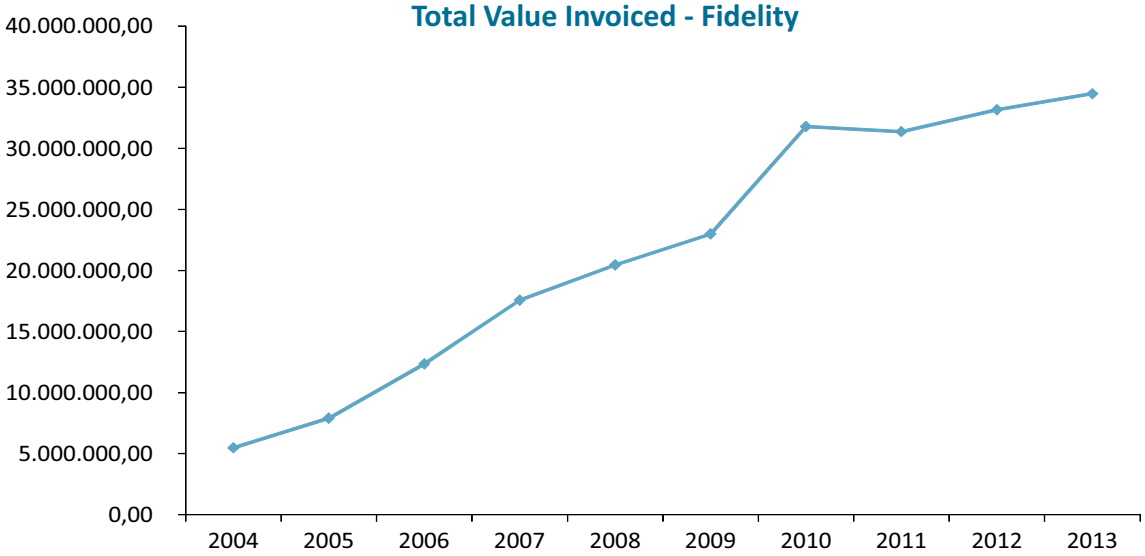
The program was successful with the hospital system, as it contributed to minimize the Municipal Hospital's unsatisfied demand of laboratory medical examinations and promoted the increase of consumption of water distributed by SANASA.

Until December, 2013, 236 commercial and industrial customers and 10 hospitals signed the fidelity contract.

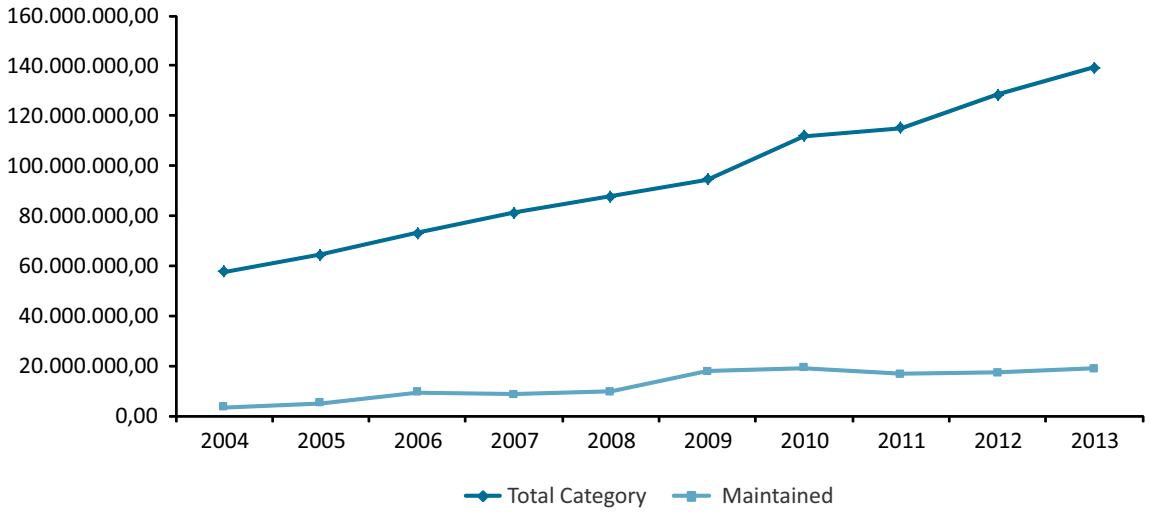
Number of loyal customers – per year



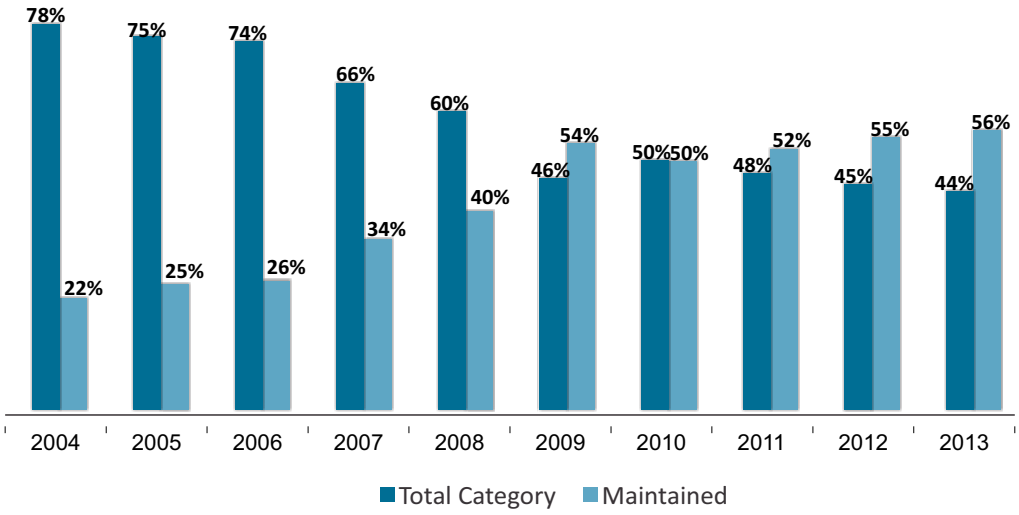
Total Value Invoiced - Fidelity

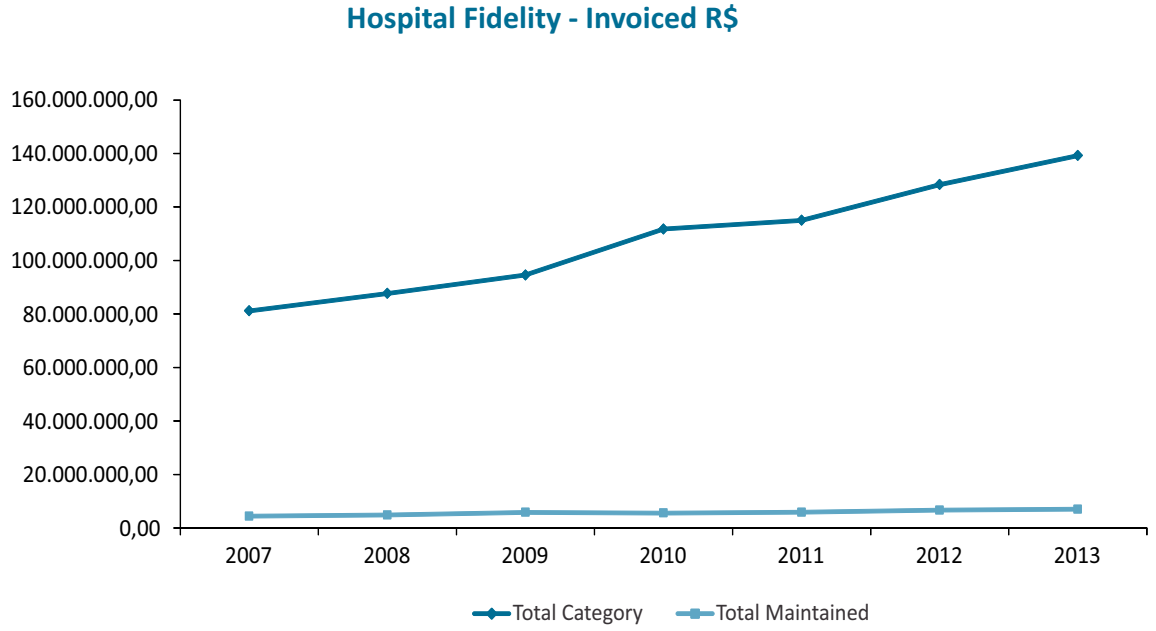


Fidelity and Commercial Demand – Invoiced in R$



Fidelity and Industrial Demand - Comparative Percentage - Invoiced





SUPPLIERS

Principle 10 of United Nations Global Compact - UNGC: to fight corruption in all of its forms, including extortion and bribery.

Ethos Indicator 12: Anticorruption Practices, Phase 3 - The Company has policies that clearly express their position on anticorruption practices and capacitates its employees with regard to integrity and fight against corruption. In addition, it makes periodic follow-ups in areas it believes there is greater risk for incidence of this practice.

R. In 2013, a lecture was held to clarify and make employees involved in procurement aware of how to act before, during and after the end of a bidding processes.

Since the implementation of the Electronic Auction, in 2012, in the Purchases and Bidding Management, SANASA has had significant economy in its procurement processes. In 2013, the company saved R$ 29,1 million, i.e., 19% of the estimated value for its procurement operations this year. The Electronic Auction was created to ensure more transparency, economy and agility in this activity. Until then, the Auction was done mainly in person.

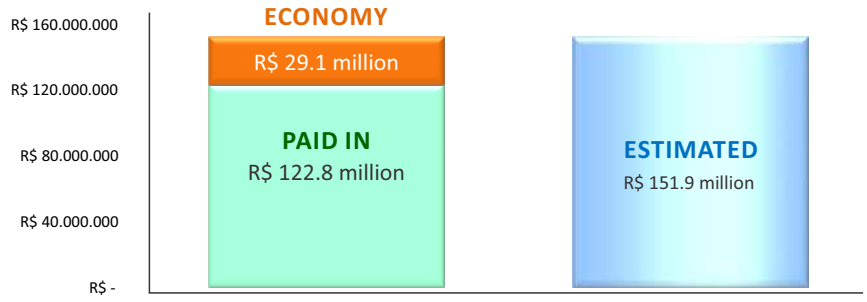
The intention of standardization and digitizing procedures is to give support to areas of the company that require procurement of materials or services or works.

Purchase processes concluded between January 1st and December 31st, 2013

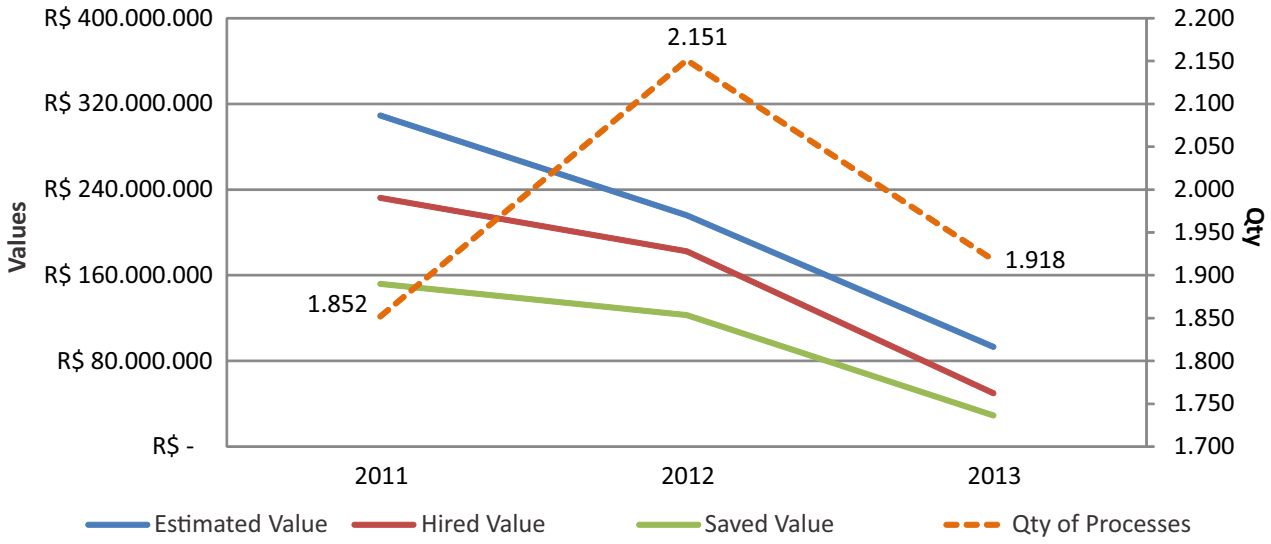
Modality	No. of Processes	Estimated Value	Hired Value	Saved Value
CD	27	R$ 9.300.327	R$ 9.287.841	R$ 12.486
CP	2	R$ 23.496.376	R$ 20.732.182	R$ 2.764.194
CV	23	R$ 834.087	R$ 752.577	R$ 81.510
DL	912	R$ 4.672.290	R$ 3.987.346	R$ 684.944
EXP	727	R$ 354.163	R$ 354.163	R$ -
PE	222	R$ 111.568.190	R$ 86.316.203	R$ 25.251.987
TP	4	R$ 1.776.014	R$ 1.462.628	R$ 313.387
AUCTION	1	-R$ 62.000	-R$ 62.000	R$ -
Total	**1.918**	**R$ 151.939.448**	**R$ 122.830.939**	**R$ 29.108.509**

KEYS:
CD = Direct Procurement **DL = Bidding Waiver** **PE = Electronic Auction** **CV= Invitation**
CP= Public Bid **EX = Express** **TP= Request for Price Quotes**

Paid in x Estimated



Comparative Biddings - 2011 x 2012 x 2013



PRICE BANK SUPPORTS STRATEGIC DECISIONS

The Price Bank is a system developed by SANASA, created in 2002 to provide, from time to time, value charts that reflect product prices used in the market. So, it acts as a reference base in biddings, waivers and ineligibility for material and service procurement, thus new market consultations are unnecessary.

The assembly and maintenance of the price bank comprises data collection, followed by treatment and statistical analysis of prices based on the last price quotation made in public biddings, updated market surveys with suppliers, prices of the last purchases made by SANASA and market survey of public, private users and other price banks.

Thus, in addition to suitably complying with the law, the system is an important tool to save on expenses and for a grounded formulation of budgets. This tool is the base from which the reference price of an item (material or service) is coded in the Company.

The Price Bank System is available online, at SANASA's website, which contains market surveys, records of material and service procurement proposals, economic indexes and formula readjustment. So, the system provides, in a quick and reliable way, information to subsidize procurement processes, help in the generation and verification of budgets and support strategic decisions.

Adv**antages:**

- Allows more agility and reliability to the requesting department in formulating purchase and service requests;
- Standardizes purchase procedures;
- Generates follow-up management reports;
- Controls prices in an automatic form, serving as reference for contractual negotiations;
- Gives more efficiency, agility and more transparency to the budget;
- Enables lower operational cost for purchases;
- Reduces bureaucracy;
- Eliminates rework;
- Reduces time to elaborate purchase requests and prices spreadsheets for work projects;
- Digitally records purchase history;
- Provides price maps (last price quotations made in public biddings), readjusted prices of contracts and prices of the last purchases;
- Enables maintenance and analysis of history of reference prices;
- and issues reports.

Ano	Fornecedores Cadastrados
2009	461
2010	489
2011	670
2012	975
2013	1284

In addition to print and electronic materials, there is also a page at the website www.sanasa.com.br, which concentrates information about the Price Bank, accessible through a password.

The register for new suppliers who are interested in providing materials and services to SANASA is also available online since January 2014.

With these actions, SANASA is able to increase competitiveness in purchasing processes.

ENVIRONMENTAL MANAGEMENT

REGIONAL CONTEXT

2013 was marked by two important discussions that directly affect the warranty of water for Campinas: the conclusion of the Directive Plan of Use of Water Resources for the São Paulo Macro-metropolis and the Renewal of the Grant of the Cantareira System.
These two events had the intense participation of SANASA Campinas, whether giving opinions and suggestions or with direct participation in work meetings or hearings.
So, it is relevant to show the resulting definitions of these jobs during 2013.

DIRECTIVE PLAN OF USE OF WATER RESOURCES FOR THE SÃO PAULO MACRO-METROPOLIS

The Directive Plan of Use of Water Resources for the São Paulo Macro-metropolis, developed by the Brazilian Company for Projects and Developments - COBRAPE, was concluded and presented to the community in October, 2013. The elaboration of this Directive Plan considered not only the geographical boundary of the already formally consolidated São Paulo Macro-metropolis, but also the region considered interesting at the time the studies were hired, including the Metropolitan Regions of São Paulo - RMSP, Campinas - RMC and Baixada Santista - RMBS; the other municipalities included in the Piracicaba, Capivari and Jundiaí Water Resource Management Units - UGRHI 5, Sorocaba and Médio Tietê - UGRHI 10 and part of the municipalities of the São Paulo stretch pertaining to Paraíba do Sul - UGRHI 2. This territory comprises 180 municipalities.

This region spans over 52,000 km² and represents 75% of the population of the State of São Paulo, and approximately 83% of its Gross Domestic Product - GDP. Regarding national data, the Plan's coverage area encompasses approximately 16% of Brazilian population and 28% of national GDP.

G4-EN27

Extension of mitigation of environmental impacts of products and services

Principle 1 of the United Nations Global Compact - UNGC:
Respect and protect human rights.

The greatest challenge of the Directive Plan is to conciliate existing conflicts in order to meet the demand of water resources for the urban, industrial and rural supply, particularly the use of the water from the Piracicaba river basin, responsible for almost 50% of the supply of the Great São Paulo through the Cantareira System.

In order to define studies, the Plan establishes relevant criteria that must be incorporated by several segments, as indicated below and included in the Plan's Final Report (pg. 112, Volume I).

• Gradual reduction of the Losses in Distribution Index - IPD, from 38% in 2008 to 28% in 2035;

• Behavior change, gradually reducing urban residential consumption, from 1% in 2012 to 5% as from 2020;

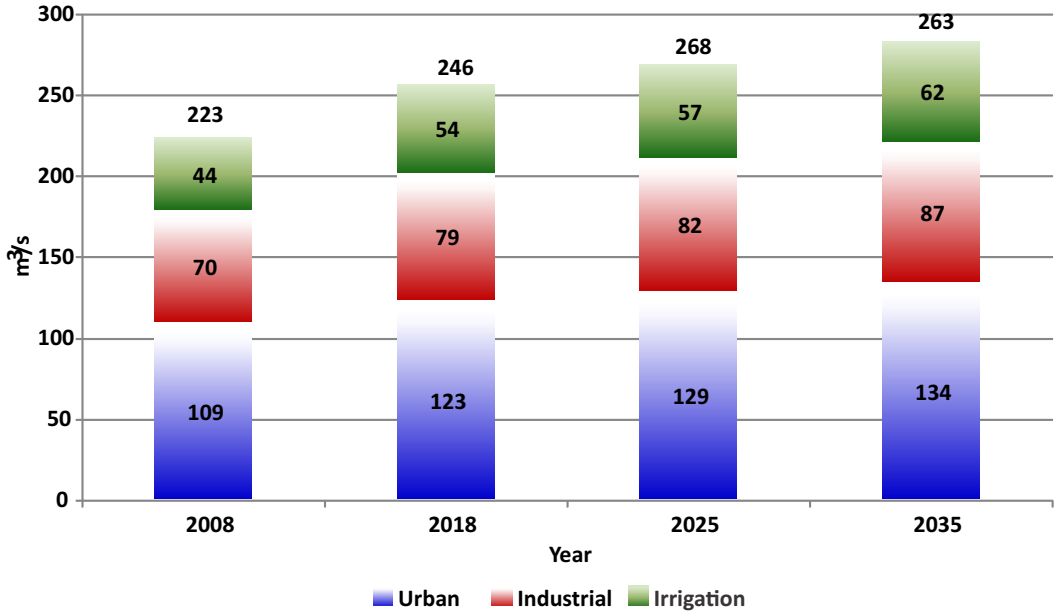
• Rational Water Use Program in public buildings (public consumption) in 10% until 2013 and 20% as from 2014;

• Technology and management of the use of water in irrigation, thus reducing demand from 5% to 8% depending on the UGRHI, as from 2008;

• Cleaner production technology and water use regulation, reducing water consumption in 5% until 2035 in factories supplied by the public network and in isolated industries.

The projection of water demand, for the region studied by the Directive Plan, indicates an increase of 60 m³/s until the year of 2035.

Evolution of Demand for São Paulo Macro-metropolis



Source: Lecture on the Use of Water Resources for São Paulo Macro-metropolis, Final Seminars, Cobrape, October/2013.

The simulation made by COBRAPE, based on the shortage results from 1951 to 1956, considering current hydraulic structures and operational rules and the demand for 2008, showed alarming situations, as follows:

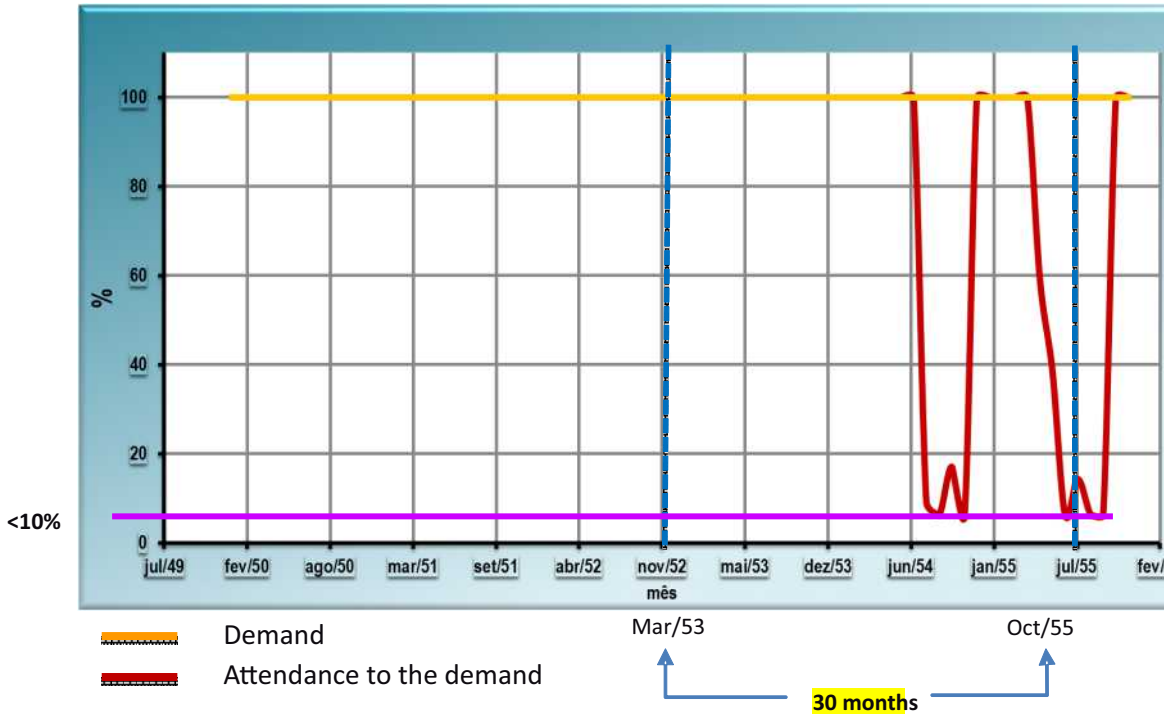
• Macro-metropolis: at the most critical moment, only 56% of total demand and 51% of urban demand would be met;

• Municipality of Campinas: at the most critical moment, less than 10% of the demand would be met;

• Jacareí-Jaguari Reservoir: volume would be null in Dec/53 and would remain so until Oct /55;

• Itupararanga Reservoir: volume would be null in Sep/51 and would remain so until Oct /55.

Demand Curve in the municipality of Campinas. Simulation considering conditions observed in the period from 1951 to1956 and the demand in 2008



Source: Lecture on the Use Water Resources for the São Paulo Macro-metropolis, Final Seminars, Cobrape, October/2013.

The Directive Plan presents studies of alternatives for the Macro-metropolis, evaluating possible hydraulic arrangements in order to meet the expected demands, in the light of the region's existing vulnerability, thus concluding that the adoption of solutions integrated and articulated with multiple use of water and actions focused on demand management, rational use of water and water reuse was necessary.

The Directive Plan indicates also the need to define a new large-sized water source especially to cater to the demand Piracicaba, Capivari and Jundiaí Basins - PCJ Basins, to make the barrages of Camanducaia and Jaguari rivers (Barrages Duas Pontes and Pedreira) as short-term goals (2018).

SANASA Campinas forwarded its assessment about the Directive Plan's Final Report, with some remarks, which is summarized below.

- Need for reassessment of growth rates based on the last forecast published by IBGE, while having in mind that the Plan was based on information from 2008;

- Need for reassessment of criteria adopted to assess water reuse potential for industrial ends, particularly in the case of Campinas, which already has a reuse water production plant that is able to cater to the demand of the Viracopos International Airport and the industrial sector of Campinas;

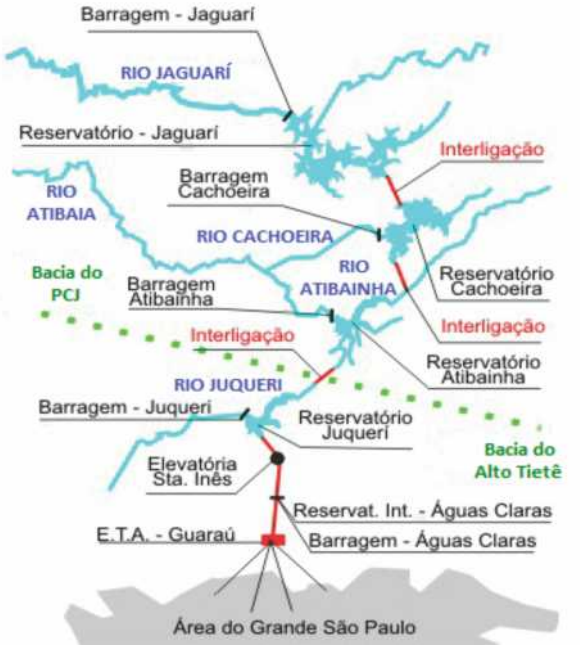
- Reduction of water transfer from the Cantareira System to São Paulo, in the light of the existing need for the PCJ basins;

- Need for reassessment of irrigation demand while taking into account the need to adopt measures aimed managing the demand, with the dissemination of water-saving equipment, allied to reduction of the physical water losses.

RENEWAL OF THE CANTAREIRA SYSTEM GRANT

The Cantareira System is formed by a complex of dams and tunnels able to revert 31 m³/s from the PCJ basin that, added to the 2 m³/s of the Paiva Castro dam, forwards water to the Santa Inês Lifting Plant, from which they are repressed to the Águas Claras dam, and then to ETA Guaraú, which is responsible for supplying around 9 million people in the Great São Paulo.
The adjacent image shows the hydraulic scheme of the Cantareira System.

Esquema do Sistema Cantareira



Fonte: SABESP

The grant of the Cantareira System was renewed by Ordinance 1213 of August 06, 2004 for a period of 10 years. Therefore, this renewal shall be done until 08/06/2014.
During 2013, several meetings were held to discuss proposals to be sent to the National Water Agency - ANA and to the Water and Electric Power Department - DAEE, the bodies responsible for granting rights of use of water bodies within the domain of the State of São Paulo and the Union.
SANASA had active participation in these discussions, and forwarded considerations related to the grant, including the following items:

- **Construction of Pedreira and Duas Pontes barrages and the Distribution Pipeline System**

In the light of the results shown in the Final Report for the São Paulo Macro-metropolis, we understand that the implementation of the Pedreira and Duas Pontes barrages is necessary. These are located in the Jaguari and Camanducaia rivers, respectively, and are expected to bring an increase of approximately 7 m³/s to the PCJ basins (Final Consolidated Report of the Directive Plan for Use of Water Resources to the São Paulo Macro-metropolis, Volume II, pg. 319).
Therefore, it is crucial that resources for the implementation of the two dams and for the pipeline system of diversion of water to Atibaia river are provided in order to ensure the region's water sustainability and safety. This availability must be connected to the definition of conditions to operate the barrages and pipeline system, and creation of a regional operator responsible for the services is suggested.

- **Water Bank**

SANASA was favorable to the proposal of the Technical Group for Renewal of the Cantareira Grant regarding the extinction of the "Water Bank" and the creation of a "Strategic Shared Reserve - REC", highlighting the need to consider the Minimum Remaining Flow, as provided for by Resolution 129, of June 29, 2011, of the National Council of Water Resources – CNRH. It was also suggested that the volume stored in the Paiva Castro Reservoir should be incorporated to the volumes used to prepare the Risk Aversion Curves and the Cantareira System equivalent volume.

- **Regulation of the Flow in Stretches with Small Hydroelectric Plants PCHs**

Based on the already mentioned studies for elaboration of the Directive Plan of Use of Water Resources for the São Paulo Macro-metropolis and, due to variations of flow during the operation of existing PCHs in the PCJ Basins, we find regulating their operation necessary, including upstream and downstream flow measuring stations interconnected to the telemetric network and monitored from the PCJ Committees' Situation Room. This suggestion is intended to ensure the maintenance of the Minimum Remaining Flow in PCJ Basin rivers.

- **Reduction of Demands**

SANASA suggests the adoption of management measures to reduce water losses in the PCJ basins, and requests that the following measures be linked to the renewal of the Cantareira System Grant:

- The Basic Sanitation Company of the State of São Paulo - SABESP should promote that losses in supply systems under its jurisdiction be reduced to 20% in the next four years;

- SABESP should implement sludge treatment plants in its water production units, in order to recover volumes used in the treatment process.

- In a period of 24 months, Sabesp and the PCJ Committees should implement the management of demand in the rural sector by adopting the technologies that avoid waste in irrigation systems, in order to maintain the current demand.

- **Validity of the Grant**

In order to ensure the water safety of PCJ Basins, in which several short-term actions are expected, SANASA suggests that the Cantareira System grant period should be of five years (2014 to 2019), in order to allow the follow-up of the defined targets and the reflection on the proposed actions for improvement of basins' water conditions.

G4-EN8	Total withdrawal of water per source
G4-EN9	Water sources significantly affected by water withdrawal
G4-EN10	Percentual e volume total de água reciclada e reutilizada
G4-EN22	Total water disposal, broken down by quality and destination

R. Supply of the Municipality of Campinas Water Catchment System

Two sources supply the municipality of Campinas: Atibaia and Capivari rivers.

The Water and Electric Power Department - DAEE, the body responsible for granting water use rights in the State of São Paulo, authorized the catchment of water from Atibaia and Capivari rivers by Ordinance 634, of April 03, 2008, authorizing the use of 4,700 L/s of Atibaia river and 400 L/s of Capivari river for a period of 10 years.

The Municipality of Campinas is divided into three natural sewage basins: Atibaia, Quilombo and Capivari. Atibaia river is Campinas' main supplying source and, due to topography, great part of the water caught is returned, in the form of sewages to Quilombo and Capivari basins. It is worth pointing out that the contribution release of effluents in the mentioned basins is important for the water balance of the PCJ basins, mainly due to the low water availability of Capivari river, with available flow of only 2.38 m^3/s, which is far behind the necessary to supply the Municipality of Campinas (5.1 m^3/s).

In order to meet the targets defined by the PCJ Basins Plan, SANASA is improving the Loss Control and Reduction Program. This Program was deployed in 1994, with continuous work, and has been showing very positive results.

Volume caught to supply the population of Campinas (m³/year)

	2010	2011	2012	2013
Rio Atibaia	103.790.648	104.401.503	108.199.553	107.904.152
Rio Capivari	6.498.296	6.956.889	7.443.015	8.716.864
Poços	112.233	130.921	140.616	85.292
Total Volume	110.401.177	111.489.313	115.783.184	116.706.308

This data demonstrates that the main producing source of the municipality, Atibaia river, is responsible for 92.46% of the supply in the municipality, Capivari river for 7.47%, and 0.07% comes from a well in Residencial Village Campinas.

WATER TREATMENT SYSTEM

The Atibaia system was gradually increased with the construction of ETA 2 (1961), along with ETA 1 (1936) and ETAs 3 (1972) and 4 (1991), in Sousas.

Features of the Water Production System of Campinas

Source	Plant	Process	Capacity (l/s)	
			Rated	Operation
Atibaia	ETA 1	Classic Conventional	463	520
	ETA 2	Classic Conventional	477	650
	ETA 3	Classic Conventional	1.600	1.100
	ETA 4	Classic Conventional	2.400	1.900
Capivari	Capivari	Differentiated	360	360

Principle 7 of the United Nations Global Compact - UNGC:
Adopt a preventive approach to environmental challenges

R. The water caught from Atibaia and Capivari rivers, currently treated and distributed by SANASA undergoes, among other processes, preliminary treatment known as pre-oxidation. Currently, for this purpose, SANASA uses chlorine. Although largely used worldwide, this product is limited both in the disinfection and in the oxidation parts.

In mid-2011 SANASA initiated studies aimed at finding a possible replacement for chlorine at the initial stage of the process.

Among possible options, ozone was chosen because it was more easily adaptable to plant application, which, according to studies, has proved to be one of the most efficient procedures for this application.

In 2012, a pilot plant was installed in ETAs 3 and 4 with the purpose of studying ozone efficiency and estimating implementation and operation costs in real scale. Preliminary results show that the operational costs would be lower than those of a conventional plant; however, implementation costs are higher.

These studies continued in 2013, and the purchase of ozonizing equipment to replace chlorine was required. To do so, the availability of credit lines is being checked.

WATER DISTRIBUTION SYSTEM

The water distribution system of the municipality has 36 R-eservation and Distribution Centers, 25 lifting reservoirs, 40 semi-buried, buried or supported reservoirs, which allow supply through a hydraulic network approximately 3,850 km long.

This system has 310,426 water connections and 463,785 savings*.
In order to keep water pressure within the limits established by the standards, there are 256 strategically placed pressure control units.

Evolução das redes, ligações e economias* atendidas com água, de 2010 a 2013

Water Networks/ Connections/Savings*	Year			
	2010	2011	2012	2013
Networks (km)	3.757	3.811	3.839	3.849
Connections (nº)	273.185	285.139	300.282	310.426
Savings (nº)	424.828	436.493	452.905	463.785

** Number of savings is the quantity of consumer units or real states depending on a single water meter.*

Principle 8 of the United Nations Global Compact - UNGC:
Promote environmental responsibility.

R. Water Safety Plan

The main objective of this Plan is to define procedures and methodologies aimed at minimizing risks and unexpected events, in order to ensure supply of potable water to the entire population, according to Ordinance MS 2914/2011. So, in 2011, SANASA established a Program to implement the Campinas Water Safety Plan.

It's important to emphasize that the raw and treated water monitoring system has modern and efficient equipment. Tests and analyses are done in raw water samples from springs and their tributaries, in addition to a program to control and analyze the water distributed, in order to ensure potability standards according to Ordinance MS 2914/2011. In 2013, 3,997 treated water samples were collected from the distribution network, resulting in 94,955 potability assessment tests, meeting conditions defined in this ordinance and in State Resolution SS-65 of the Health Department.

This program acts in conjunction with the program for physical loss control and reduction, defining priorities to change networks, execute reinforcement rings, installation of control devices, among others actions.

In view of the great relevance of the Plan, the Technical Water Safety Plan Group of the Brazilian Association of Sanitary and Environmental Engineering - ABES was created on March 14, 2012, with the participation of SANASA representatives, São Paulo University - USP, SABESP, Brazilian Association of the Chemical Industry - ABIQUIM, among others.

In 2013, SANASA surveyed its units, identifying the control points in the several operational systems:

- Sources: Atibaia and Capivari rivers;
- Raw water catchment: Atibaia and Capivari;
- Treatment plants: ETAs 1, 2, 3, 4 and Capivari;
- 36 Reservation and Distribution Centers;
- Distribution Networks - follow-up of 16 network routines, with 208 control points and 1 routine for hospitals, with 17 control points.

Once the survey in operational units is done, it will be possible to define the Cause and Effect analysis diagrams, defining Risks Matrices.
Risks Matrices will allow validating and updating Contingency Plans established for each risk, in order to ensure the effectiveness of Water Supply Systems for Human Consumption.

G4-EN27

Extension of mitigation of environmental impacts caused by products and services

Principle 7 of the United Nations Global Compact - UNGC:
Adopt a preventive approach to environmental challenges.

PROGRAM AGAINST WATER LOSSES

The Program Against Water Losses - PCPA, initiated in 1994, has been acting on an ongoing basis and contemplates more than twenty actions for loss control and reduction in the public system.

The decision to implement the program was guided by the reality experienced in the 90's and in forecasts of scenarios for future decades, based on the characteristics of the PCJ Basins, as:

- Sharing with the Cantareira System, which reverts water from this basin to serve 55% of the population of the metropolitan region of São Paulo.
- Sharing among Public, Industrial and Agricultural Supply activities.
- Low water availability, since the Southeast region is notably the second most critical in Brazil.

The main factor that reinforced the creation of the area dedicated to manage this program was the commitment with more than 1,000,000 of inhabitants with regard to current demand for water, i.e., without rationing even at times of drought, and assurance of vegetation and economic growth in Campinas.

It's also worth highlighting the need to reduce operational costs, in order to allow the practice of fees that are better appropriate to the socio-economic reality of the municipality and offer the advantages of prices of the social fee structure, as well as the fidelity contract for factories and commerce, which contributed to reduce the average water and sewage costs.

The reduction of losses guaranteed the postponement of new works for water supply; eliminated the shortage problem; ensured the addition of new demands; reduced operational costs; and recovered revenue. The financial resource saved in the water system was turned into investment for sewage clearance and treatment.

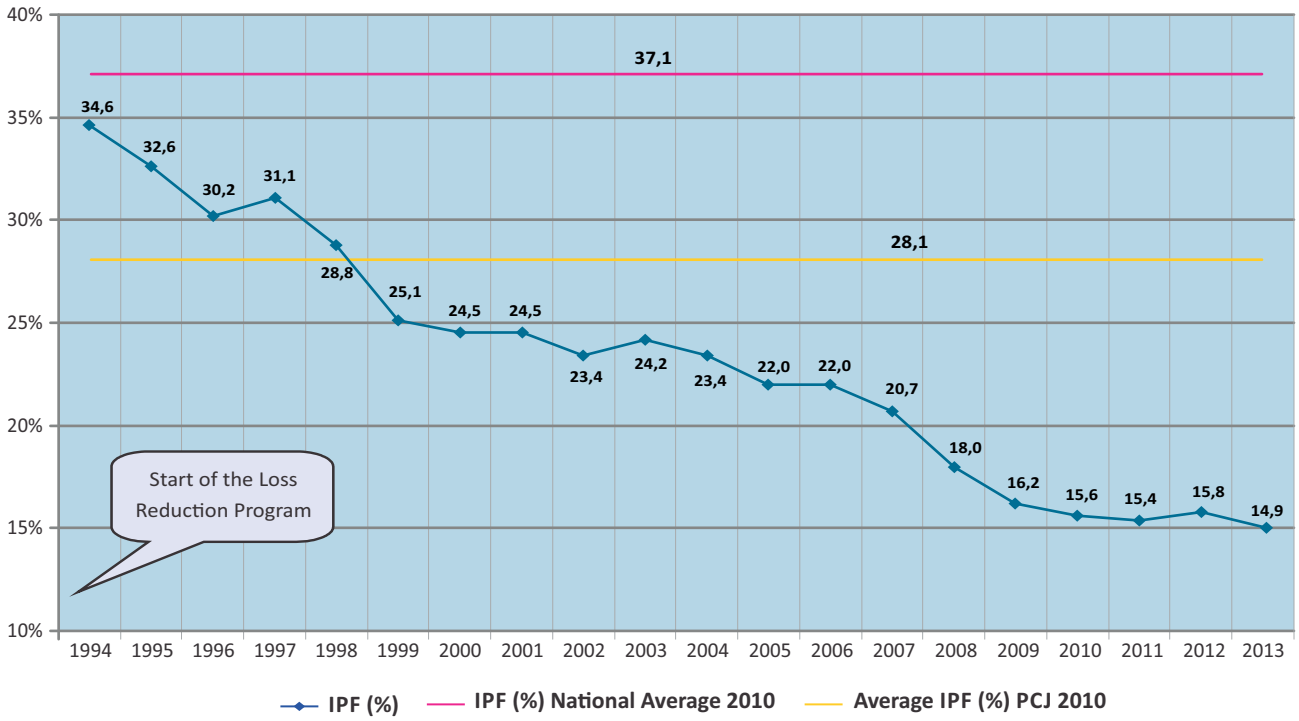
The successful experience over the past 19 years features a fully favorable result in the sustainability aspect of the Program Against Water Losses - PCPA.

Results of the Losses Control Program

	1994 - 2013
Efficiency of the Distribution System	62,3% - 80,8%
Revenue Loss Index	34,6% - 14,9%
Saved Water Volume	367.521.000 m³
Saved Resources	**R$ 661.059.000,00**
Invested Resources	R$ 129.137.000,00
R$ saved - Invested Resources	**R$ 531.922.000,00**

The index achieved in Campinas is lower than the averages achieved in PCJ basins and the national average, as shown in the following chart.

Revenue Loss Index



Positive aspects of loss reduction in SANASA:

- Increase of water system efficiency, allowing supply to over 289,000 inhab/month, if compared with the losses index of 1994;
- Guarantee of uninterrupted supply and able to receive new developments;
- Postponement of the deployment of large-sized works;
- Contribution to economic sustainability (revenue and costs):
  - Reduction of operational costs
  - Recovery of revenue;
- Availability of social fee for low-income population and fidelity contracts for commercial and industrial categories;
- Rationalization of the water resources, keeping the same granted flow since 1998;
- Compliance with values recommended for loss indicators, stipulated by DAEE (grant), Financial Agents and Regulatory Agency.

Currently, SANASA's greatest challenge is to maintain the level of losses achieved, seeking to find balance between operational costs and the revenue, and adopt a rational use of the water resources available, by fighting losses and improving the efficiency of the water system.

The monitoring of the Program Against Losses is done through the following indicators:

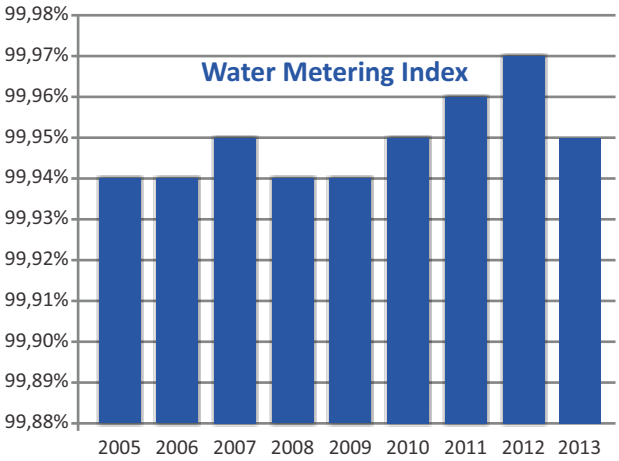
- **REVENUE LOSS INDEX - IPF:** Percentage of water volume treated and not invoiced.
- **DISTRIBUTION LOSS INDEX - IPD:** Percentage of water volume treated and not consumed.
- **WATER METERING INDEX - IH:** Percentage of active connections with installed and operating water meters. SANASA has water meters installed in 100% of water connections in Campinas, excluding from this total cases in which it was not possible to measure the volume consumed due to problems in the meters. In all cases, meters are replaced within 30 days.

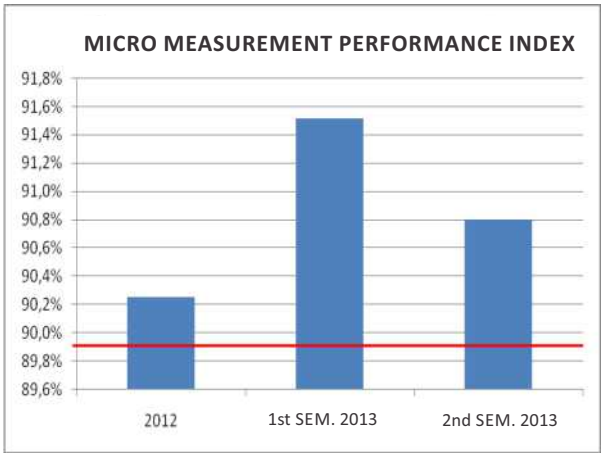
• **METERING PERFORMANCE INDEX - IDM:** Average percentage of water meters' metrological efficiency. Tests must be conducted in a water metering laboratory equipped with worktops that have been tested and approved by the metrological authority designated by INMETRO which, in the case of the State of São Paulo, is IPEM – SP Institute of Weights and Measures. Random samples must be selected, and the quantity should ensure a margin of error of ± 1%.

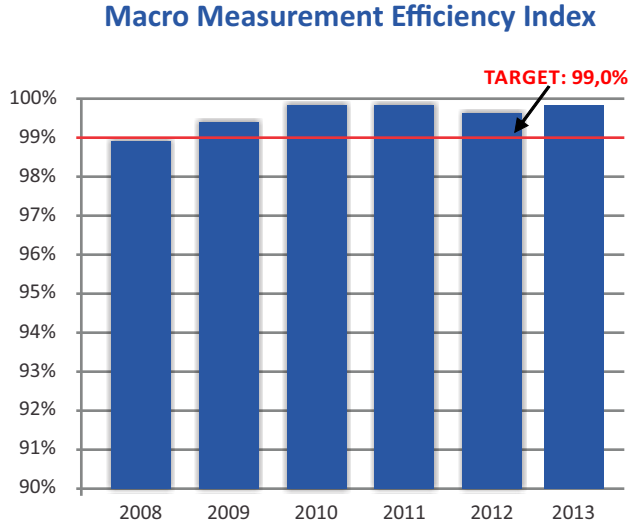
• **MACRO MEASUREMENT INDEX - IM:** Percentage of the produced water volume calculated by installed and operational macro meters.

SANASA has permanent macro measurement in all treated water outlets, available in its 5 ETAS and 1 well. It uses the IM – Macro Measurement Efficiency Index, which relates actual measured volumes and estimated volumes (not measured) to demonstrate the effectiveness of actions that impact the operation of macro meters. Electromagnetic and clamp-on ultrasonic meters are used in ETAs, and a Woltmann meter is used in the well.

• **CORRECTIVE WATER MAINTENANCE INDEX - IMCA:** Density of maintenances at the water network per kilometer.





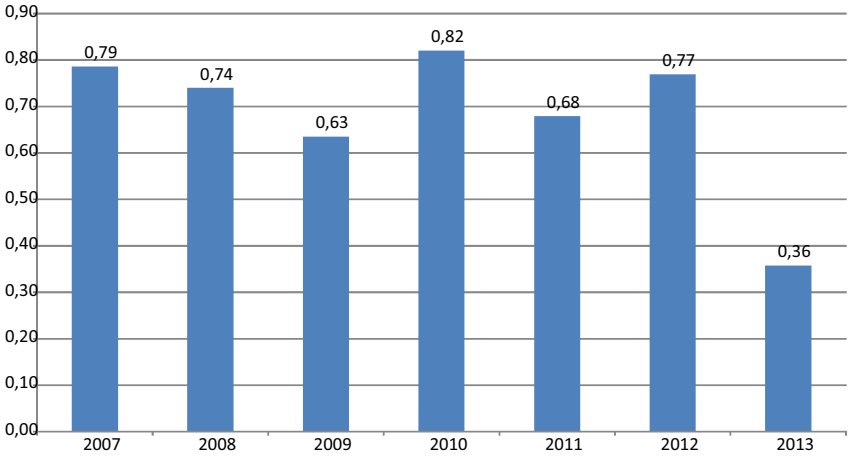


INDEX OF NON-VISIBLE LEAKS FOUND PER KILOMETER: Ratio of non-visible leaks found per kilometer in network pipelines and water branches. It indicates the efficiency of the methodology employed regarding worker/equipment performance.

The efficiency of a leak survey depends upon several factors, such as:

- Technical Register;
- Ground-type conditions;
- Local pressures;
- Type of material of networks and branches;
- Pipeline depth.

Index of Non-visible Leaks - per Kilometer

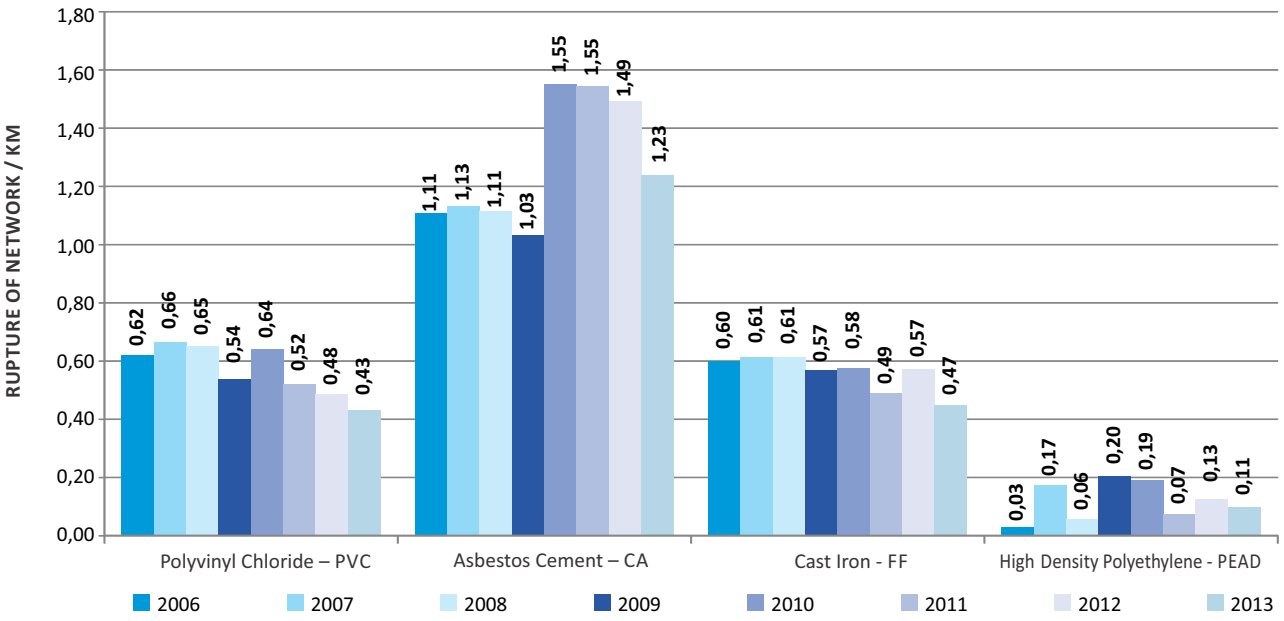


INDEX OF CORRECTIVE WATER MAINTENANCE PER KILOMETER: Number of corrective maintenance procedures per kind of material and network length. It monitors the evolution of failures in the water distribution system per kind of material and network length.

The chart shows that over the last few years the density of corrective maintenances (leaks) per kilometer in asbestos cement – CA networks can be up to 300% greater than the density of PVC and Cast Iron (FF) materials. The chart also shows, for 2013, a drop in the maintenance index in CA networks due to the program of rehabilitation of the water distribution infrastructure, with the replacement of CA – Asbestos Cement material for PEAD – High-Density Polyethylene.

Index of Corrective Water Maintenance per Kilometer

Comparative of maintenances in the water network - per material



The Program Against Losses follows technological evolution, in which the following actions are highlighted:

Technical Registry of Water Networks in Database
Since 1997, SANASA maintains its technical water registry digitized in AutoCAD. In 2013, the basis of technical information of networks was structured in a database through conversion to the Geographic Information System – GIS MapInfo platform.

This technology gave SANASA agility to make registry updates available; to manage the existing infrastructure; and to develop several geoprocessing applications.

The update of technical information on water networks in the SQL database/Server is done in the MapInfo platform, with data coming from maintenance services, operation, execution of new networks and registration of notable points.

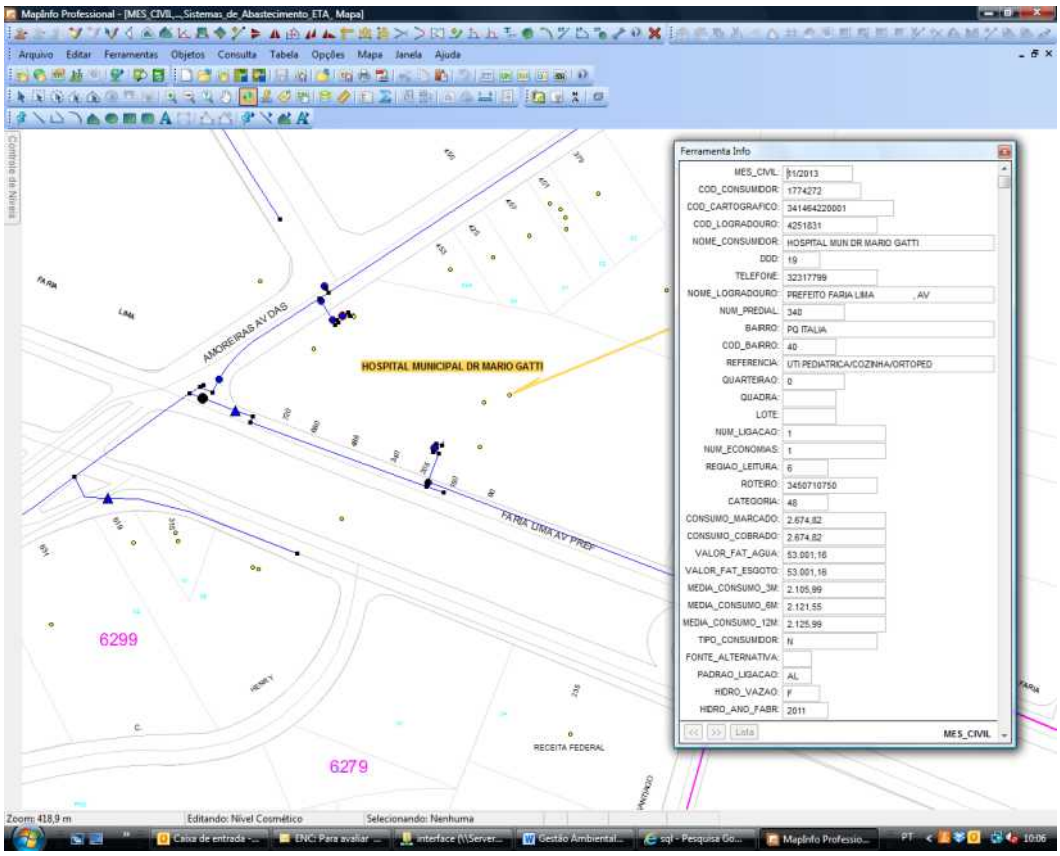
The display of the Geographic Information System - SIG MapInfo contains the cartographic basis and the location of water networks, with technical data, such as: diameter, material, length, position, project number, date of execution, among others.

Geoprocessing of Technical Data
In order to analyze the performance of the water system, SANASA has been using the Geographic Information System - GIS technology since 2007, in the MapInfo platform, which allows the geoprocessing of technical, operational, commercial and financial information, for diagnosis and decision making, assessment of results and monitoring in planning, operation and loss control processes, ensuring the efficient management of the water system.

Commercial, technical and financial information of each customer is stored in the DB2 database and georeferenced in the basemap in the Geographic Information System - GIS MapInfo, which allows agility in several activities provided by SANASA to the customer and the geoprocessing of data to analyze the efficiency and effectiveness of the water and sewage services provided.

The illustration shows the display of the Geographic Information System - SIG MapInfo, and includes customer location and commercial, technical and financial data.

Geographic Location of Consumers



One of the main actions in fighting losses, shown in current diagnosis, refers to the rehabilitation of water distribution infrastructure, and it's through the geoprocessing of corrective water maintenances – which relates the kind of material of the network and its length – that more critical areas are prioritized, orientating the available annual financial resources, and monitoring the results.

Water Metering Laboratory

SANASA has a Water Metering Laboratory equipped with water meter calibration worktops tested by INMETRO every year, which ensures the quality and reliability of tests made at the request of customers, for the inspection of batches of new meters and to provide services to third parties.

The Laboratory has two fixed calibration worktops and one mobile unit, in addition to a modern accelerated wear (fatigue) worktop which simulates the use conditions of the meters in the field, allowing the determination of the Measurement Performance Index - I D M, established by standard ABNT NBR 15538/2011.

The Mobile Laboratory has a worktop also tested by INMETRO once a year, which allows the calibration of the meter in the presence of the customer, who can follow the test and receive technical orientation about the water meter, procedures to detect leaks and rational use of water, ensuring transparence and quality in the monthly consumption measurement.

SANASA has been preparing for future accreditation of the Water Metering Laboratory in the INMETRO System, participating in the Permanent Water Metering Interlaboratorial Program, coordinated by IPT and INMETRO.

Volumetric meter

SANASA was the pioneer in Brazil in large-scale use of the volumetric meter, which shows better cost x benefit ratio when compared to traditional velocimetry meter, such as, for example: greater sensitivity to record low flow rates more accurately, reducing the losses due to sub-metering; maintenance of the error curve during useful life and greater durability, approximately 10 years.

Currently, SANASA has approximately 30,000 volumetric meters installed, representing approximately 10% of the total of meters, and another 15,000 units are expected to be installed in the next months, which will significantly improve measurement of consumption and, consequently, reduce losses caused by sub-metering and increase the revenue.

The great difficulty in using a volumetric meter, that often prevents its use, is that it cannot be installed in critical regions, with frequent cases of water shortage and/or rupture of networks, since the presence of solid particles may block its internal mechanism and compromise its operation. In this regard, SANASA is in a privileged condition, since it has computer systems that allow previous analysis of supply conditions in each region, guaranteeing that such equipment is only in suitable areas.

Static electronic meters

There are approximately 1,400 static electronic meters installed in the Metering Sector Jardim Esmeraldina. These meters were installed in 2011, in the pilot project on the Rational Use of the Water, intended to assess the metering technology and serve as a tool to support environmental education actions implemented in the sector.

The meters are called “static” because they don't have mobile parts inside, and show several benefits in relation to traditional meters, such as: greater useful life, exceeding 10 years; maintenance of the error curve during its useful life; they are not affected by solid particles present in the water; they do not read air passages and are high sensitive in reading low flow rates, reducing losses due to sub-metering.

In addition to the meters installed in the Measurement Sector Jardim Esmeraldina, there are around 800 water meter units installed in other regions of the city. Samples are often calibrated with the Mobile Water Metering Laboratory in order to monitor metrological performance. After over two years of use, we can affirm that the indication errors of these meters are within the maximum limits defined by INMETRO, a fact that so far proves its technical and economic suitability.

Methodology of Leak Surveys using Sensors to Store Noise

The Management of Leak Surveys detects non-visible leaks, which uses noise storing sensors installed at points of the water distribution system, such as: trip valve, network, connection, etc.

The water distribution system is divided into Survey Sectors - SP and a few criteria are used to elect the areas to be searched, such as:

- Analysis of the density of corrective maintenance (leaks) according to the kind of material;
- Loss index;
- Network material.

The adopted procedure also incorporated the use of Geographic Information System - GIS, locating leaks detected in the digital technical registry base for information geoprocessing aimed at expediting the traceability of services provided and improving the management of the survey activity.

The great advantage of this methodology is that, after repairing any leaks that were found, the noise storing sensors remain in the local, which allows that new readings be made and, if necessary, repeat the surveys and do the repairs. Another benefit is the reduction of the area to be surveyed within the Survey Sector - SP, since geophony will be done in places in which the sensors indicate noise.

In 2013, another 100 noise storing sensors were acquired.

Principle 9 of the United Nations Global Compact - UNGC: Stimulate the development and diffusion of environmentally-friendly technologies

R. Use of consumption behavior analysis tool

In addition to promoting the technological development of its units, SANASA stimulates the scientific work of its technicians. In 1997, it initiated the development of software intended to monitor the water meters installed in water connections, since at that time it was hard to identify meters with trouble, generating waste of resources and revenue losses.

Allying the experience in sanitation of SANASA workers with the service by an IT and statistics specialist, it was possible to develop an important tool to manage the meter unit, which allowed the implementation of the Predictive Maintenance of Water meters, directly contributing to the reduction of the water loss index in the last years.

The tool, pioneer in Brazil, uses SANASA's history database, with information on consumption since 1992, to trace a straight line normalized by linear regression, whose inclination indicates the trend of reduction or elevation in the average consumption of water meters. Thus, it is possible to safely identify the meters with problems and prioritize predictive actions.

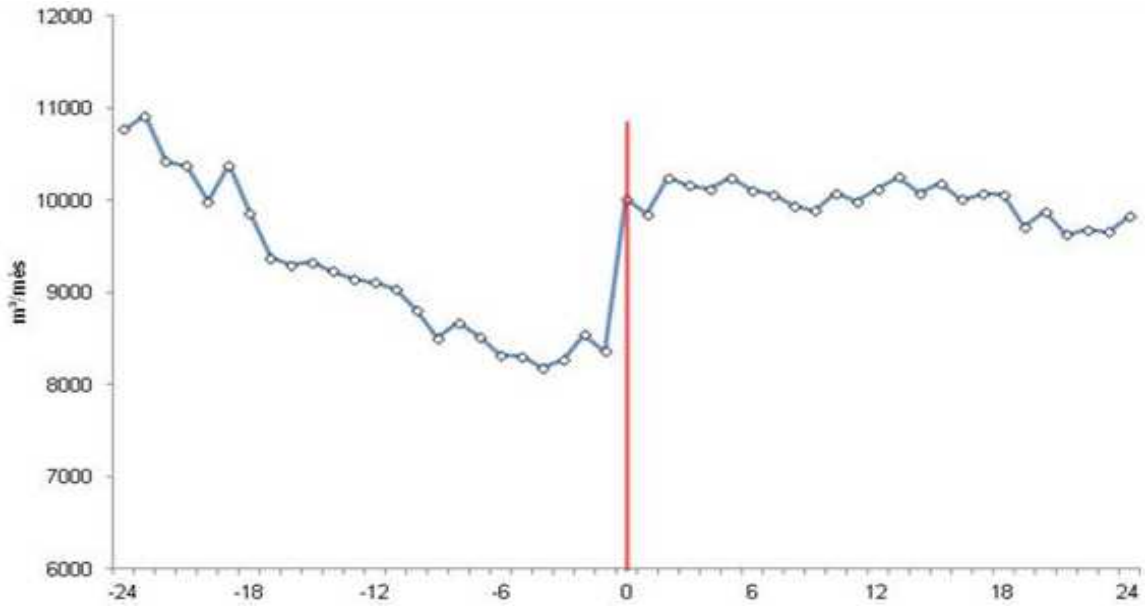
The software is also used to select water connections with suspected irregularities, aimed at making field inspection, in addition to calculating losses caused by frauds and analyzing results obtained in replacements of meters.

The chart shows the results of the replacement of water meters done in 1998, the year the software was deployed. The left quadrant indicates the sum of consumption in the last 24 months prior to the replacement, while the right quadrant shows the sum of consumption of the 24 months after the interventions.

It is possible to see that there was consumption tended to be reduced and, after the replacement, there was an important elevation, representing reduction of losses; revenue recovery; measurement quality improvement; greater meter management efficiency.

Since 1998 water meter replacements are made according to Predictive Maintenance criteria, and the software “Water meter Analysis System” is indispensable for the management of installed meters.

Results achieved with the replacement of water meters, since 1998



Principle 1 of the United Nations Global Compact - UNGC:
respect and protect human rights.

R. Sewage System and Sewage Treatment System

Aimed at changing the critical sanitation situation in the PCJ basins, where the quality of the water of springs is currently jeopardized, as indicated in the 2010 – 2020 Plan of Piracicaba, Capivari and Jundiaí River Basins, SANASA has been intensifying the implementation of treatment units. Today, the municipality has 26 implemented treatment stations. Some of them were built exclusively to serve new allotments and should be deactivated over the years, when foreseen plants start operating, particularly the Capivari II Sewage System, currently under construction.

We highlight that SANASA pioneered the use of technology employed for sewage treatment at the Water Reuse Production Plant - EPAR Capivari II, one of the most modern plants in the world, using filtering membranes to remove nitrogen and phosphorus. The filtering membranes ensure the removal of most of the viruses, protozoans and bacteria, without using chemical disinfectants, in addition to the removal of solids, making water 98% pure.

Sewage Treatment Stations - ETEs in operation

ATIBAIA BASIN

1. ETE Anhumas
2. ETE Barão Geraldo
3. ETE Terras do Barão
4. ETE Alphaville
5. ETE Samambaia
6. ETE Arboreto Jequitibás
7. ETE Bosque das Palmeiras
8. ETE Sousas (started operating in 2013)

QUILOMBO BASIN

1. ETE CIATEC
2. ETE Vó Pureza (Santa Mônica)
3. ETE Vila Réggio
4. ETE Mirassol
5. ETE Campo Florido

CAPIVARI BASIN

1. ETE Piçarrão
2. ETE Capivari I
3. EPAR Capivari II
4. ETE Icaraí
5. ETE São José
6. ETE Hospital Ouro Verde
7. ETE São Luis
8. ETE Eldorado
9. ETE Casas do Parque
10. ETE Porto Seguro
11. ETE Bandeirante
12. ETE Santa Lúcia
13. ETE Flávia (started operating in 2013)

Obs.: ETE Santa Rosa was deactivated in March, 2013.
ETEs Sousas and Flávia were initiated in 2013 and are in a pre-operation phase; therefore, there are still no conclusive results regarding their efficiency.

Principle1 of the United Nations Global Compact - UNGC:
respect and protect human rights.

R. Sewage Collection and Dumping Systems

The municipality's sewage collection and dumping systems have a network of 3,554.23 km, which serves a total of 272,168 connections and 406,220 savings, serving 88% of the population of Campinas.

Evolução do sistema de esgotamento sanitário:

Evolution of networks, connections and economies served by sewage networks from 2010 to 2013

Sewage Networks/ Connections/Economies	Year			
	2010	2011	2012	2013
Networks (km)	3.439,92	3.476,13	3.506,11	3.554,23
Connections (nº)	234.075	244.712	260.787	272.168
Economies (nº)	366.046	376.840	394.335	406.220

The sewage reversal system has 75 lifting plants intended to transfer the sewage from one point to another with higher elevation and make the transposal of natural sewerage basins, targeting area interconnections, to implement the Sanitary Sewage and the Sewage Treatment System.

Efficiency of the Sanitary Sewage System

To ensure the efficiency of the sewage system, preventive and corrective maintenance are made in connections, collection networks, interceptors, emissaries, lifting stations and treatment plants. The work is done with quality and as fast as possible, in order to recover the necessary conditions to the perfect operation of the system.

Operational parameters and performance indicators are also monitored to analyze the efficiency of the sewage system and, if necessary, make diagnosis for a decision on the implementation of correction actions and/or operational improvement.

Permanent Actions to Guarantee the Efficiency of the Sewage System

To ensure the efficiency of the Sanitary Sewage System, the following activities under development are highlighted:

- Keep the Technical Registry of the Sewage System updated;
- Regulate real states that are not connected to the existing public sewage collection network, in compliance with State Sanitation Code (Decree no. 12342/78); Municipal Act no. 11. 941 / 04 Water Supply and Sanitary Sewage Services Regulations; and Technical Standard SAN.T.IN.NT 22;
- Inspect internal hydraulic connections and installations in real states to check the compliance of installations and the release of effluents from residential, commercial and industrial activities;
- Inspect the regularity of releases of independent sewage and rain water systems in real states and in public networks;
- Monitor real states that generate non-domestic effluents, connected to the public collection network;
- Monitor the flow rate and the volume of sewage in ETEs' inlets;
- Monitor the physical, chemical and bacteriological parameters of affluent raw sewage and the final treated effluent, in compliance with State Act 997/1976; State Decree 8468/1976; CONAMA 357/2005; and CONAMA 430/2011;
- Analyze the ratio between the water volume supplied to consumers from the sewage basin and volume of sewage in the inlet of the ETE, in order to identify behavior that differ from expected standards and diagnose the cause;
- Guide users of the public sewage system with regard to the correct sanitation installation to be used inside the real state and its connection to the public network, and its recommended use.

CCOE - EEE Operational Control Center - CCOE

The Operational Control Center of Sewage Lifting Plants EEE - CCOE, implanted at the Samambaia Operational Base, is intended to receive, process and store operational events in SANASA's EEEs, mainly focused on promptly indicating their operational condition, as well as any abnormalities in the sewage system (pumping), allowing the online monitoring of the EEE at distance and the operation control, including any maneuvers and decision aimed at expediting measures.

Currently, 36 Wastewater Lifting Plants are interconnected to the CCOE. Acting in accordance with a schedule of adequacy in the other operating EEE, all lifting plants will have communication with the CCOE.

At the CCOE, it is possible to make the telemetry (distance measurement of process variables) and telecommand (remote driving of the existing devices), such as: command panel, motor-pump sets, valves and mixers. The CCOE also provides an alarm annunciator in the monitoring system screen and the storing of data to issue reports.

The process variables furnished for follow-up are:

1. Level of the suction well;
2. Measurement of the boosted flow rate;
3. Operation status of the equipment (current, frequency, fault status, equipment on and off);
4. Status of the power system (voltage, current and power factor);
5. Sewage spillage alarm.

These measures are aligned with SANASA's commitment to forward 100% of collected sewage for due treatment at the ETEs in the next years.

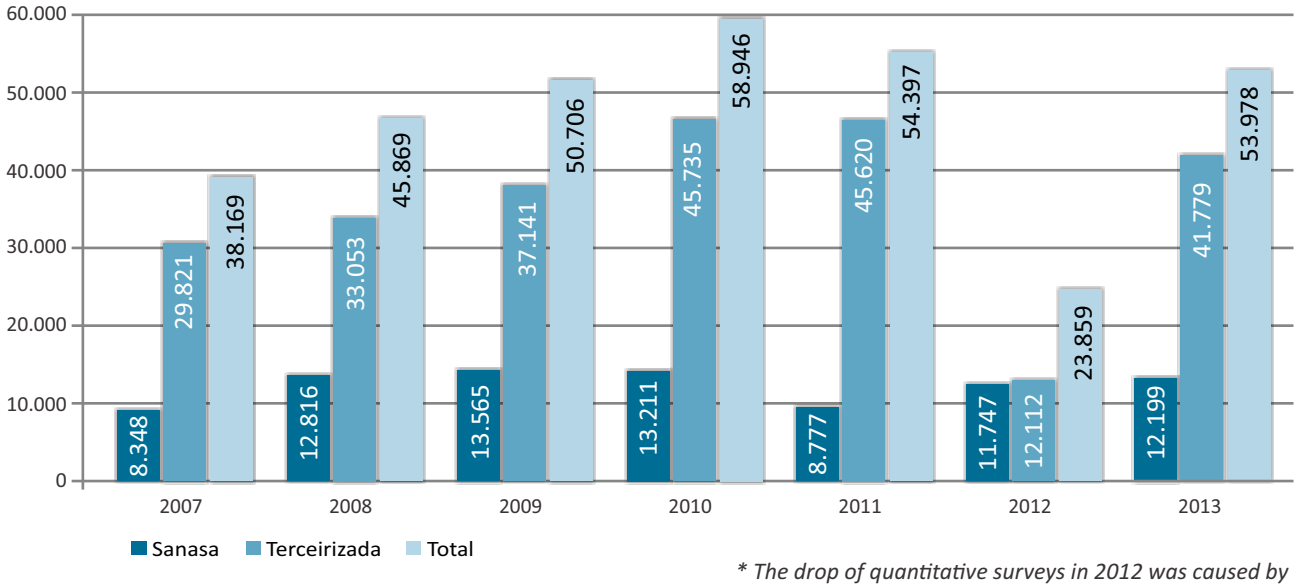
WATER BODIES DECONTAMINATION PROGRAM

The Water Bodies Decontamination Program is made on a permanent basis, with its own and third party teams.

The objective of this program is to evaluate the conformity of hydraulic sewage and rain water installations within real states to ensure correct release in the respective public networks, and the conformity of the public sewage system, in compliance with the legislation in force, eliminating irregular releases that cause damage to the operation of networks, lifting plants and to the treatment of sewage, as well as pollution of water bodies.

The technical information from surveys are stored in database and georeferenced at the Geographic Information System - GIS Mapinfo, allowing, through the geoprocessing of information, the management of conformity of internal hydraulic installations of real states and the public sewage clearance networks.

Surveys carried out in hydraulic sewage and rain water installations from 2007 to 2013*



** The drop of quantitative surveys in 2012 was caused by the end of the contract with the outsourced Company.*

EXPECTATIONS FOR 2014

The year of 2013 ended with great concern: the renewal of the Cantareira System Grant, allied to the low water availability seen in the last few months, remembering that the last wet period, which started in October, has so far (March 2014) been showing low rainfall.

Due to the mentioned perspectives, SANASA's technical body studies and suggests new alternatives aimed at ensuring the supply of the city.

Another great challenge for the next year is the compliance with targets defined for universal basic sanitation (water and sewage) in Campinas.

In August 2013 the "300% Universal Sanitation Plan" was presented. It aimed to implement 100% of sewage treatment until June 2016; 100% of sewage collection and dumping in neighborhoods that are already supplied by water networks until December 2017, and 100% of supply, collection and dumping of sewage neighborhoods in which sanitation is not available yet, until December 2020.

SANASA organized an interdisciplinary group that created a Website and the "300% Stamp", intended to establish procedures and differentiated methodologies intended to expedite compliance with the established targets.

SOCIAL MANAGEMENT

HUMAN RESOURCES

G4

Human resources management system

Attracting and retaining good professionals, promoting the inclusion of minorities, promoting training to keep employees informed and updated for better performance of their activities, and offer internal programs to improve the life quality and the health of the worker. These are the premises that govern de human resources management at SANASA and that were identified to select the indicators below.

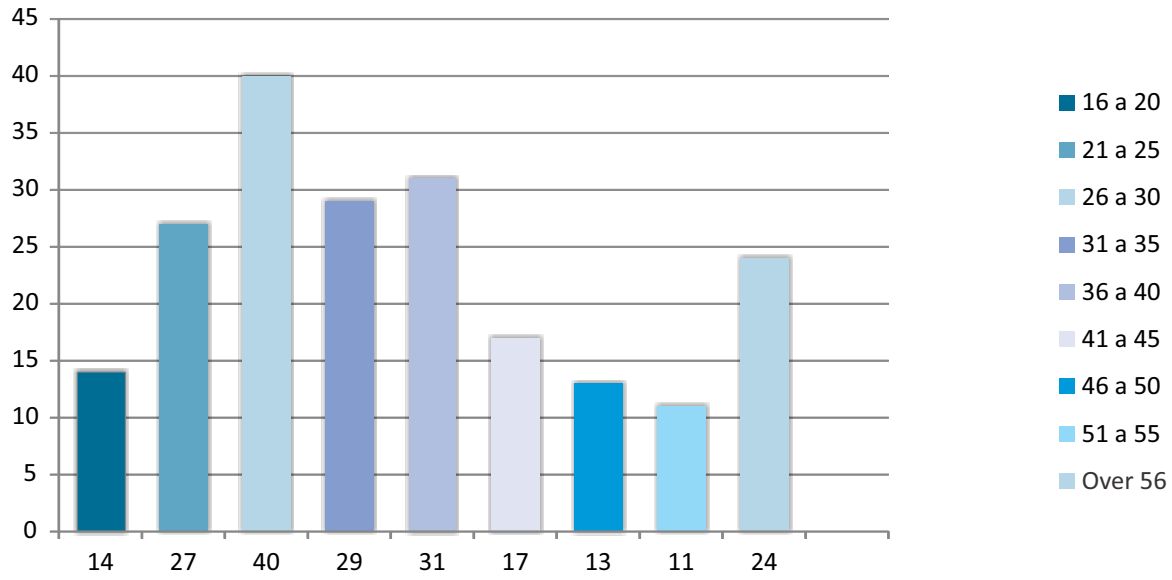
G4-LA1

Total number and ratios of new employee hiring and turnover of employees per age group, gender and region

R. Distribution of hired employees, per gender – 2013

Women	57
Men	149
Total	**206**

Distribution of Employees Hired per Age Group – Year of 2013



Turnover Ratio		
2010	1st semester	0,75%
	(12 hired + 12 fired)/2)/1594*100=0.75%	
	2nd semester	0,99%
	(6 hired + 25 fired)/2)/1553*100=0.99%	
2011	1st semester	1,49%
	(28 hired + 19 fired)/2)/1574*100=1.49%	
	2nd semester	5,05%
	(123 hired + 37 fired)/2)/1583*100=5.05%	
2012	1st semester	9,35%
	(270 hired + 37 fired)/2)/1669*100=9.35%	
	2nd semester	8,01%
	(289 hired + 40 fired)/2)/2053*100=8.01%	
2013	1st semester	5,58%
	(185 hired + 67 fired)/2)2257*100=5.5826%	
	2nd semester	1,22%
	(21hired + 34 fired)/2)/2245*100=1.2249%	

G4-LA2

Benefits granted to full time employees which are not granted to temporary employees or part-time employees, broken down by important operational units of the organization

G4-LA8

Topics related to health and safety covered by formal bargaining with unions

Ethos Indicator 26: Remuneration and Benefits, Phase 2 - The Company, besides the minimum legal remuneration, grants insurance benefits (health, life, etc.) to the employees and extends them to family members.

R. According to Collective Bargaining, the following benefits are granted to the 2245 full-time employees for the period from May, 2013 to April, 2014: medical assistance for the employee and his/her dependents; meal vouchers for lunch and breakfast; food vouchers for grocery shopping; transportation or fuel voucher; salary complement in situations such as sick leave or occupational accident; complementary private pension plan; group life insurance; subsidies for acquisition of medication, prescription glasses, school material for dependents; reimbursement of expenses with nursery for dependents until the age of six; reimbursement of expenses for patients with special needs; funeral aid; scholarship and Profit sharing (which can provide additional annual value in case of compliance with predefined targets).

SANASA grants additional 60-day maternity leave, starting the day after the end of the legal license, totaling 180 days of license, as provided by Municipal Decree 17.707 of May 24, 2010.

The following benefits are extended to trainees and patrolmen: transportation voucher, meal voucher, medical assistance and life insurance. Food voucher for grocery shopping are extended to patrolmen only.

G4-LA7

Employees with high incidence or high risk of occupational illnesses

R. There are no activities at SANASA that present high incidence or high risk of specific diseases. The examinations done by prevention (ex. Parasitological stool for workers exposed to biologic agents) show the same incidence as that of the rest of the population (not exposed).

The most common diseases in the Company are related to aging, having the low turnover in mind. Therefore, the most common are hypertension, diabetes, osteomuscular problems and obesity, among others, which are not related to the working characteristics.

The CATs (Work Accident Communications) must be delivered in typical (injuries such as cutting, bruises, fractures) and in-transit accidents (motorcycle accidents), which are not framed within the "occupational illness" category. The CATs for occupational disease are scarce (do not appear every year).

G4

Health Management

Ethos Indicator 29: Health and Safety of Employees, Phase 1 - The Company strictly complies with its legal obligations and has updated supporting documentation.

R. SANASA conducts programs intended to improve workers' health through periodical examinations and vaccination campaigns against flue, tetanus, typhus and Hepatitis A. It also develops rehabilitation programs in case of chemical dependence and professional rehabilitation. The former seeks to raise the awareness of workers who are substance abuser or not and their family members for the dependence. The latter is intended to readapt the professional with health problems to the Company.

The following vaccines are provided:
Typhus and hepatitis A: all operational workers who have contact with sewage;
Tetanus: mandatory for all workers in the operational area.
Flue: mandatory for workers in the operational areas and voluntary for other workers. In 2013, there was vaccine shortage in the market. So, the limited quantity obtained was intended to employees who are more exposed to weather changes at work.

G4-LA9

Average number of training hours per year, per employee, broken down by gender and functional category

Ethos Indicator 27: Commitment to Professional Development, Phase 2 - The Company has a training/capacitation routine aimed at improving productivity and stimulating employees to improve their capacitation.

R.

2013		
Nº of training courses	**Nº of participants**	**Total nº of hours**
120	2.465*	24.111,5

**Some workers participated in more than one course*

2012		
Nº of training courses	Nº of participants	Total nº of hours
190	1.645	20.918,5

2011		
Nº of training courses	Nº of participants	Total nº of hours
112	2.238	10.706,0

G4-LA12

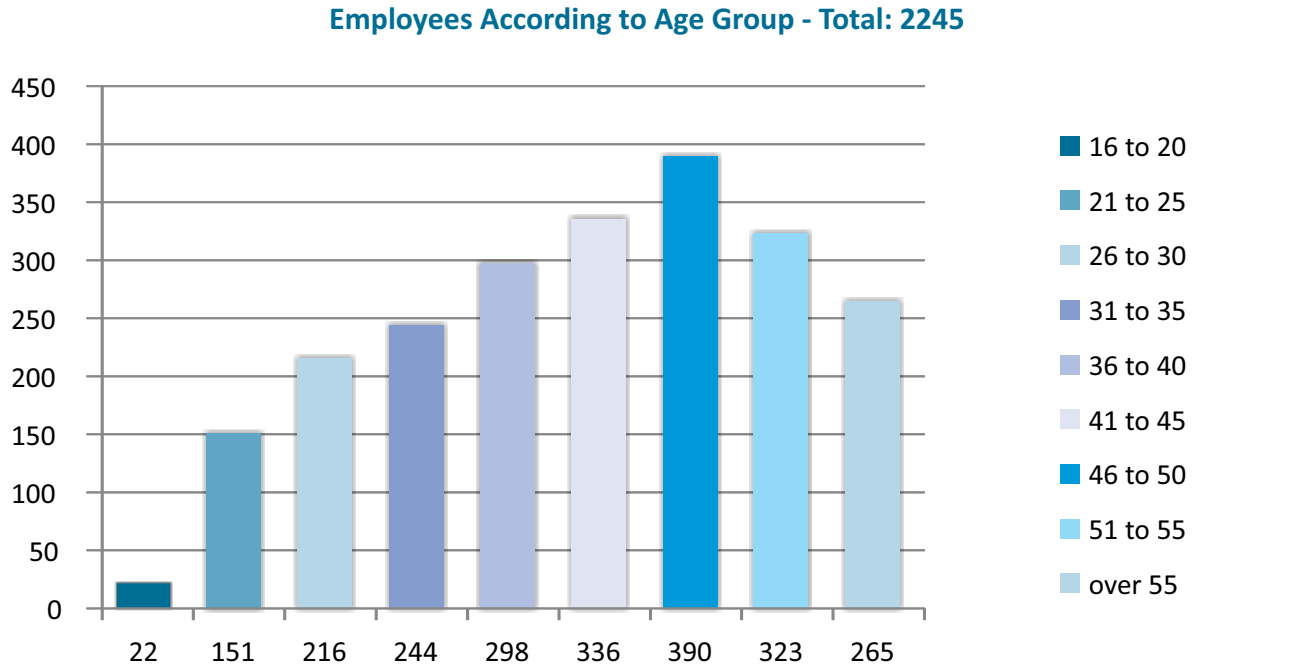
Composition of groups responsible for governance and breakdown of employees per functional category, according to gender, age group, minorities and other diversity indicators

Ethos Indicator 24: Relation with Employees (Permanent, Outsourced, Temporary or Part-time), Phase 3 – The values declared by the Company highlight its commitment to decent work, and to reinforce that, it adopts formal procedures of evaluation of the forms of management of its employees and third parties.

R.

Number of employees, per work contract (SANASA/CLT) and gender.

	Men	Women	Total
Sanasa	1827	418	2245
Patrolmen	7	2	9
Trainees	25	41	66
Outsourced	1144	139	1283



Leadership Positions		
	2012	**2013**
Men	82	86
Women	45	44

G4-LA13

Mathematic ratio of salary and remuneration between women and men, broken down per functional category in relevant operational units

Principle 6 of the United Nations Global Compact - UNGC:
Eliminate discrimination in the work environment.

Ethos Indicator 23: Promotion of Diversity and Equity, Phase 1 - The Company follows the national legislation, which fights discrimination and is contrary to behavior that dos not promote equity of opportunities in the internal ambient and in the relation with customers, suppliers and the surrounding community.

R. SANASA's salary policy defines that salaries be according to positions. There is no difference: women have the same salaries as men when they are in the same positions. Opportunities are also equal.

G4-HR1

Total number and percentage of significant agreements and investment contracts that include human right clauses or have been submitted to assessment with regard to human rights

Principle 1 of the United Nations Global Compact - UNGC:
respect and protect human rights.

Ethos Indicator 20: Monitoring of Impacts of Business on the Human Rights, Phase 1 - The Company complies with the Brazilian legislation and meets international rules, particularly in situations in which the legislation or its process of implementation does not provide for suitable protection of Human Rights.

R. All contracts of service providers include a clause that provides for the guarantee of respect for Human Rights. This clause is already defined in the invitation to bid.

Principle 2 of the United Nations Global Compact - UNGC:
Prevent violation of human rights.

R. To hire new suppliers, SANASA consults official bodies – INSS and Caixa Econômica Federal – in order to check the evidence of Social Security and Guarantee Fund for Length of Service regularity. The obligations of the outbidder are clear since the invitation: it must comply with labor, social security, tax and security laws, as well as pay any taxes incurred from the works.

G4-HR4

Identified operations and suppliers in which the right to exercise the freedom of association and collective negotiation may be violated or has no significant risk, and the measures taken to support this right

Principle 3 of the United Nations Global Compact - UNGC: Support the freedom of association and the right to collective negotiation at work.

Ethos Indicator 25: Relationship with Unions; Phase 3 - The Company not only allows the role of unions at the workplace, but also supplies information on conditions of work and meets with their representatives on a regular basis to hear suggestions and negotiate claims.

R. All SANASA employees are free to associate with the union. The collective bargaining signed with the union brings benefits to all employees.

G4-HR5

Operations and suppliers identified as risky for occurrence of child labor cases and measures taken to contribute to the effective eradication of child labor

Principle 5 of the United Nations Global Compact - UNGC:
Eradicate child labor.

Ethos Indicator 17: Supplier Management Systems, Phase 1 - The Company has a map of its suppliers from which it requires, at the time of selection, compliance with specific legislation.

Ethos Indicator 21: Child Labor in the Supply Chain, Phase 1 - The Company strictly complies with Brazilian labor legislation and adds clauses to contracts signed with suppliers that demand that these suppliers comply with this legislation.

R. All contracts signed for construction works provide for the prohibition of child labor, as they require that each of suppliers' employees have an employment contract, CTPS, RG and CPF registration.

G4-HR6

Operations and suppliers identified as risky for the occurrence of forced or slave-like work and measures taken to contribute for the elimination of all forms of forced work or or slave-like work

Principle 4 of the United Nations Global Compact - UNGC:
Abolish forced or compulsory work.

Ethos Indicator 17: The Company has a map of its suppliers from which it requires, at the time of selection, compliance with specific legislation.

Ethos Indicator 22: Forced (or Slave-like) Work in the Supply Chain, Phase 1 - The Company strictly complies with Brazilian working legislation and adds clauses to contracts signed with suppliers that demand that these suppliers comply with this legislation.

R. In order to ensure the integrity of outsourced workers and prevent demeaning work, all the contracts for construction works have clauses that require from suppliers training certificates of the employees on the correct use of the PPE's – Personal Protection Equipment, electricity work, work in confined spaces and at heights, in addition to the presence of a legally qualified professional responsible for electrical and/or in occupational safety works. SANASA, in turn, hires its workers in accordance with the Consolidation of Labor Rights - CLT.

SUSTAINABLE ACTION PROGRAM

G4-EC7

Development and impact of investments in infrastructure and services offered

G4-EC8

Significant indirect economic impacts

Ethos Indicator 2: Value Proposal, Phase 3 - The Company identifies the needs of its consumers and customers and, to satisfy them, applies social and environmental features and aspects in its products or services. The relocation of new products or services, on the other side, contemplates the addition of sustainability attributes, in addition to keep searching to satisfy the needs of its target public.

Ethos Indicator 3: Business Model, Phase 3 - The Company is attentive to trends related to sustainability, which may redefine its market or business model, and understands CSR/Sustainability as conditioning factors for its economic growth. Besides, it quantifies the reduction of costs obtained from initiatives of mitigation of product and service impacts; develops partnerships with suppliers, aiming to improve its management processes and takes part in the final destination of post-consumption products.

R. The Sustainable Action Program - PAS is part of SANASA's commitment to universalize basic sanitation services and provide better health and life quality for the population. The PAS benefits the population of Campinas living in housing settlements – the slums. Currently, the Program serves approximately 160 urbanized centers and 70 non-urbanized centers.

The objective of PAS is to supply the occupations in the municipality with water and, consequently, also protect SANASA's water supply networks from possible contaminations, pressure and/or water losses caused by unauthorized consumption by clandestine connections.

These services are performed in a precarious manner, and do not mean, under any circumstances, authorization for definitive permanence of the dweller in the area.

The Sustainable Action Program supplies:

- potable water and sewage clearance: 28,901 families, 144,505 people;
- potable water: 28,281 families, 141,405 people.

The indicators that demonstrate the performance of the Sustainable Action Program are: revenue, Timely payment, consumption and number of economies (number of economies is the number of consumption units or real states that depend on a single hydrometer).

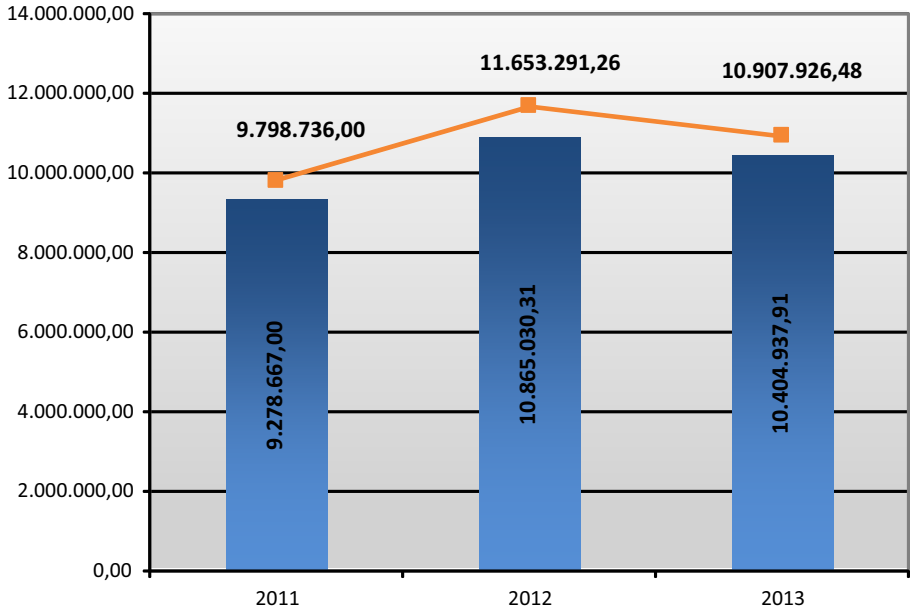
The consumption per family in 2012 and 2013 remained 16m³ (in 2011 it was 14m³ per family –5 people) in urbanized centers. Compared to the world average - 20m³ for one family with four people - the current volume consumed is more economic.

Non-urbanized centers saw a decrease of 3.5% of consumption in 2013. The average consumption per family was 27m³, compatible with the situation of collective connection.

To increase the insertion of socially vulnerable families, in 2013 the PAS implanted a procedure that would benefit real states in areas with up to three houses, following the category of the region, not meaning authorization for definitive permanence of the dwellers. This procedure contributed to the inclusion of 67 families in 2013, which also reflected favorably on revenue. In 2014, 1485 families will be served.

Performance of Urbanized Centers

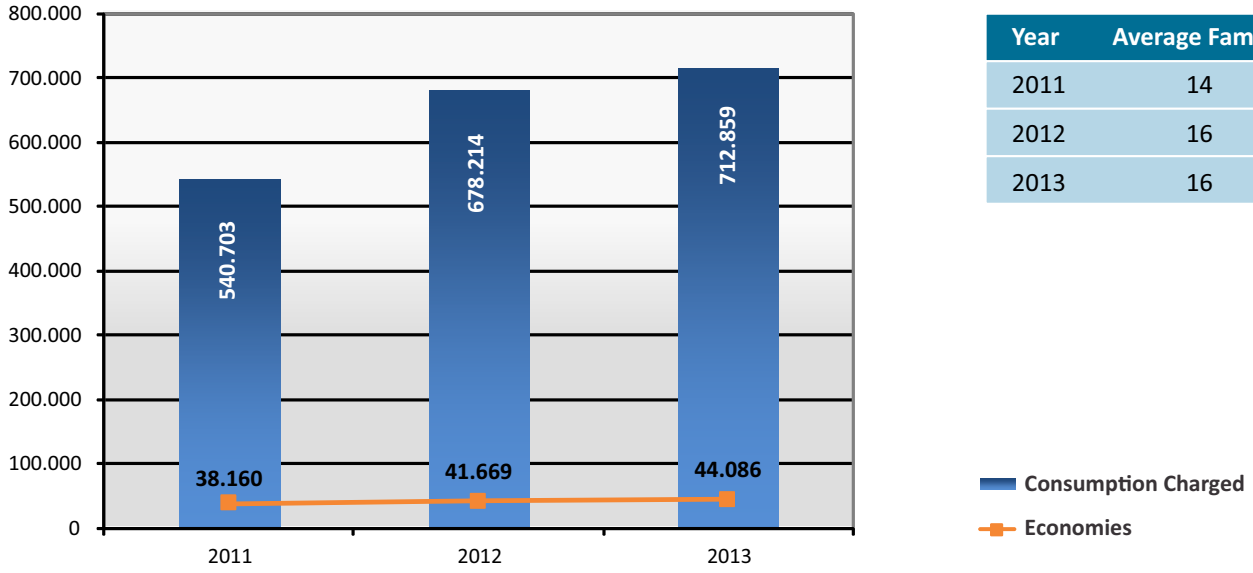
Total Received in a Month/total Revenue in a Calendar Month - in R$



Timely Payment	
2011	95%
2012	93%
2013	95%

Performance of Urbanized Centers

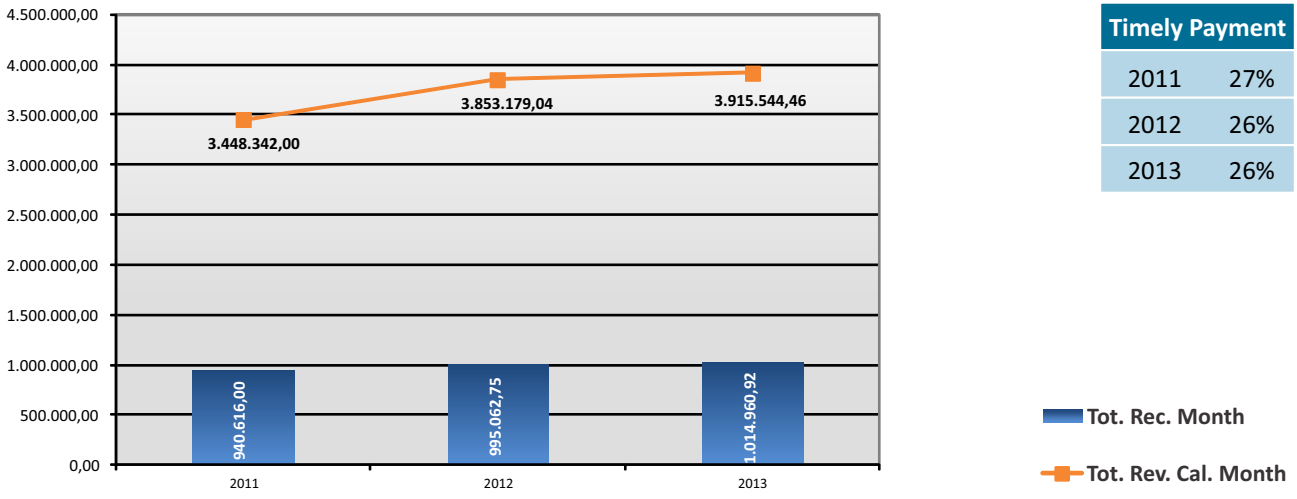
Consumption Charged/Economy in m³



Year	Average Family
2011	14
2012	16
2013	16

Performance of Non-Urbanized Centers

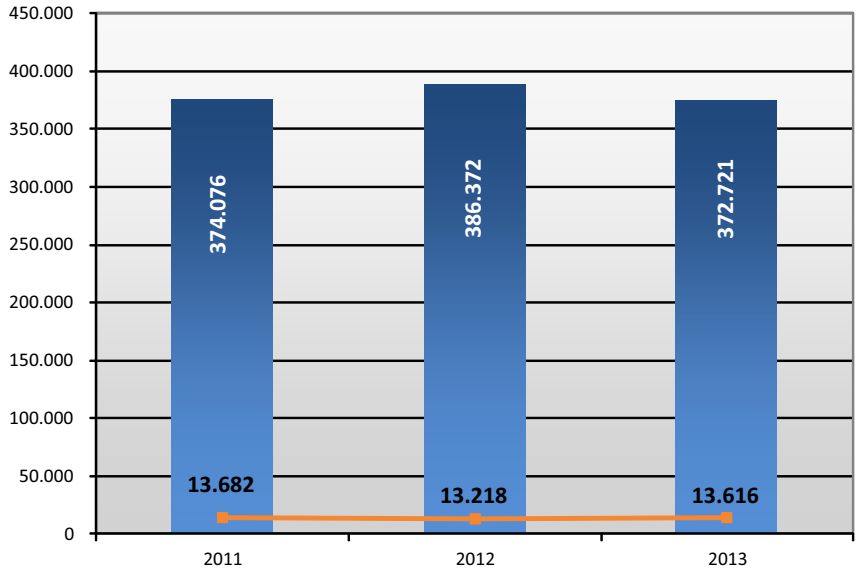
Total Received in a Month/ total Revenue in a Calendar Month - in R$



Timely Payment	
2011	27%
2012	26%
2013	26%

Performance of Non-Urbanized Centers

Consumption Charged/Economy in m³



Ano	Average Family
2011	27
2012	29
2013	27

** Weighted Average was used for Charged Consumption.*

Annual Social Balance / 2013

Company: Society for Water Supply and Sanitation S/A

1 – Calculation Basis	2013 Value (Thousand s reals)			2012 Value (Thousand s reals)		
Net Revenue (RL)	539,559			495,564		
Operating Income (RO)	20,194			67,141		
Gross payroll (FPB)	293,626			251,622		
2 - Internal Social Indicators	**Value**	**% over FPB**	**% over RL**	**Value**	**% over FPB**	**% over RL**
Meals	29,407	10.02%	5.45%	23,173	9.21%	4.68%
Compulsory social burdens	60,297	20.54%	11.18%	52,915	21.03%	10.68%
Private pension funds	8,434	2.87%	1.56%	7,504	2.98%	1.51%
Health	15,480	5.27%	2.87%	13,722	5.45%	2.77%
Occupational Health and Safety	6,149	2.09%	1.14%	4,699	1.87%	0.95%
Education	1,000	0.34%	0.19%	295	0.12%	0.06%
Culture	0	0.00%	0.00%	0	0.00%	0.00%
Professional capacitation and development	154	0.05%	0.03%	439	0.17%	0.09%
Nurseries or nursery-aid	221	0.08%	0.04%	179	0.07%	0.04%
Profit-sharing	11,834	4.03%	2.19%	8,932	3.55%	1.80%
Others	4,525	1.54%	0.84%	4,300	1.71%	0.87%
Total – Internal social indicators	**137,501**	**46.83%**	**25.48%**	**116,15**	**46.16%**	**23.44%**
3 – External SocialIndicators	**Value**	**% over RO**	**% over RL**	**Value**	**% over RO**	**% over RL**
Education	52	0.26%	0.01%	47	0.07%	0.01%
Culture	74	0.37%	0.01%	14	0.02%	0.00%
Health and sanitation	5,538	27.42%	1.03%	5,219	7.77%	1.05%
Sports	708	3.51%	0.13%	698	1.04%	0.14%
Fight against famine, and food safety	357	1.77%	0.07%	338	0.50%	0.07%
Others	1,216	6.02%	0.23%	1,060	1.58%	0.21%
Total of contributions to society	**7,945**	**39.34%**	**1.47%**	**7,376**	**10.99%**	**1.49%**
Taxes (excluded the social burdens)	28,360	140.44%	5.26%	31,635	47.12%	6.38%
Total - External social indicators	**36,305**	**179.78%**	**6.73%**	**39,011**	**58.10%**	**7.87%**
4 – EnvironmentalIndicators	**Value**	**% over RO**	**% over RL**	**Value**	**% over RO**	**% over RL**
Investments related to production/operation ofthe Company	7.528	37,28%	1,40%	7.892	11,75%	1,59%
Investments in programs and/or external projects	1.183	5,86%	0,22%	2.048	3,05%	0,41%
Total of environmental investments	**8.711**	**43,14%**	**1,61%**	**9.940**	**14,80%**	**2,01%**
With regard to the definitionof annual targets to minimize wastes, general consumption in production/operation and increase of effectiveness in theuse of natural resources, thecompany:	( ) has no goals ( ) fulfills from 51 to 75% ( ) ( ) fulfills from 0 to 50% (X) fulfills from 76 to 100%			( ) has no goals ( ) fulfills from 51 to 75% ( ) fulfills from 0 to 50% (X) fulfills from 76 to 100%		
5 – WorkforceIndicators	**2013**			**2012**		
No. of employees at the end of the period	2.237			2,134		
No. of employees hired during the period	206			540		
No. of outsourced employees	1,285			920		
No. of trainees	66			49		
No. of employees above the age of 45	1,023			820		
No. of women working for the Company	416			390		
% of leadership positions occupied by women	32.58%			34.09%		
No. of black people working for the Company	538			476		
% of leadership positions occupied by black people	3.79%			3.79%		
No. of people with disabilities or special needs	146			146		
6 - Relevant information regarding the exercise of the corporate citizenship	**2013**			**Targets 2014**		
Ratio between highest and lowest remuneration in the company	35.53			35.53		
Total number of occupational accidents	56			53		
The social and environmental projects developed by the Company were defined by	(X) ex. board	( ) direction and manag.	( ) all employees	(X) ex. board	( ) ex. board and manag.	( ) all employees
Workplace safety and health standards weredefined by:	( ) ex. board and manag.	( ) all employees	(X) all + Cipa	( ) ex. board and manag.	( ) all employees	(X) all + Cipa
With regard to union freedom, the right tocollectivenegotiation and the internalrepresentation of workers, the company:	(X) doesn't involve	( ) follows OIT rules	( ) stimulates and follows OIT	(X) doesn't involve	( ) will follow OIT rules	( ) will stimulate and follow OIT
The private pension funds comprise:	( ) ex. board	( ) ex. board and manag.	(X) all employees	( ) ex. board	( ) ex. board and manag.	(X) all employees
The profit-sharing comprises:	( ) ex. board	( ) ex. board and manag.	(X) all employees	( ) ex. board	( ) ex. board and manag.	(X) all employees
At the selection of suppliers, the same ethical and social and environmental responsibility standards adopted by the Company:	(X) are not considered	( ) are suggested	( ) are required	(X) will not be considered	( ) will be suggested	( ) will be required
With regard to employee participation in voluntary work programs, the company:	( ) doesn't involve	( ) supports	(X) organizes and stimulates	( ) doesn't involve	( ) will support	(X) will organize and stimulate
Total number of claims and criticisms from consumers:	in the Company	at Procon 173	at Justice 18	in the Company	at Procon 180	at Justice 20
% of claims and criticisms addressed or solved:	in the Company 100%	at Procon 100%	at Justice 100%	in the Company 100%	at Procon 100%	at Justice 100%
Total value added to bedistributed (in thousand s R$):	**In 2013: R$ 400,503 thousand**			**In 2012: R$ 412,557 thousand**		
Added Value Distribution (DVA):	20.19% government 62.61% collaborators 4.57% shareholders 12.63% third parties			19.01% government 52.02% collaborators 14.16% shareholders 14.80% third parties		

7 - Other Information

SANASA's CNPJ: 46.119.855/0001-37 - Economic Sector: Public Utility / Water and Sanitation – Company Head Office: Campinas (SP). For clarification on stated information: Controller Management / Telephone: (19) 3735-5190 - E-mail: controladoria@sanasa.com.br. This Company does not use child or slave work, has no involvement with prostitution or sexual exploration of children or adolescents and is not involved with corruption. Our company enhances and respects the diversity internally and externally.

Global Compact	Indicators GRI - G4	Sanasa Actions
Human Rights Principles		
1. Respect and protect human rights	G4 - 1 G4- EN27 G4 - HR1	300% Universal Sanitation Plan The contracts of all service providers contain a clause that provides for the guarantee of respect for Human Rights. This clause is already defined in the invitation to bid.
2. Prevent violation of human rights	G4 - HR1 G4 - HR10	To contract all suppliers, Sanasa consults official bodies - INSS and Caixa Econômica Federal -, in order to check proof of Social Security and Guarantee Fund for Length of Service regularity. The obligations of the outbidder are clear in the invitation: it must comply with labor, social security, tax and security laws, as well as pay any taxes applied to the works.
Labor Rights Principles		
3. Support freedom of association and the right to collective negotiation at the work	G4- HR4	All Sanasa workers are free to associate with the union. The collective bargaining signed with the union brings benefits to all workers.
4. Abolish forced or compulsory work	G4 - HR1 G4 - HR6	
5. Eradicate child labor	G4 - HR5	The contracts also provide for the prevention of child labor, as they require that suppliers' workers have employment contract and register in the CTPS, RG and CPF.
6. Eliminate the discrimination at the working ambient	LA13	At Sanasa, women have the salaries similar to the men exerting the same functions. They also have equal opportunities.

Global Compact	Indicators GRI - G4	Sanasa Actions
Principles of Environmental Protection		
7. Adopt a preventive addressing of the environmental challenges	G4 - EN22 G4- EN27	Program of Loss Control; Mud Treatment Station - ETL; Plan of Water Safety; Research about Ozone; Sewage Treatment Station; Producer Station of Reuse Water - EPAR; Water Quality; programs about rational use of the water.
8. Promote the environmental responsibility	EN22	Water Safety Plan.
9. Stimulate the development and the diffusion of the environmentally friendly technologies	G4 - EN22	Use of Ozone at the water treatment; Mud Treatment Station - ETL; Diffusion of technologies using filtering membranes for use in ETEs, for reuse.
Principle Anticorruption		
10. Fight the corruption in all its forms, inclusively extortion and bribery	G4 - 56	Ethics and Conduct Code; Training of workers in rules for purchase.

ABOUT THIS REPORT

The evolution of SANASA in sustainability subjects can be checked in the three Sustainability Reports that have been published: the first one in December 2012, the second in March 2013 and the third, this one, in April, 2014.

The first Report, in the Global Reporting Initiative model, G3 version, on the first semester of 2012, aimed to disclose the SANASA's commitment to anticorruption and transparence in its activities. The second showed the company's sustainability evolution, and the third shows new advances and commitments: with the 10 Principles of the Global Compact, with the Architects of a Better World Platform and the Global Reporting Initiative itself (see details at A Message from the CEO). In another step in this sense, SANASA once more answered the Ethos indicators.

The evidence that the evolution of SANASA's commitments is consistent is on the transfer of the Sustainability Management Advisory Services from the scope of Technical Board to the CEO in 2013. So, it became even clearer that sustainability issues shall integrate and permeate the entire management of the Company.

Overall, one of the highlights of this 2013 Report is the 300% Universal Sanitation Plan; other, similarly important, is the need to adopt solutions that are integrated and articulated with multiple uses of water and actions intended to manage the demand, the rational use of water and the reuse of water, as seen in the Environmental Management chapter.

Also worthy to be highlighted is the description of the work steps to structure Corporate Risk Map and the Water Safety Plan. Both will continue to evolve in 2014 and their results will be again addressed in the Sustainability Report that will be published in 2015, concerning the year of 2014.

This Report shows standard contents of the Global Reporting Initiative Guidelines - GRI, version G4, for Sustainability Reports. These guidelines were released in 2013, in Amsterdam, Holland, head office of the GRI. The GRI - G4 indicators and the corresponding contents are identified throughout the Report, which shows company performance in the 2013 financial year.

To clarify the information and commitments and facilitate the reading, the GRI - G4 and Ethos indicators and the 10 Principles of the Global Compact are published in a shared manner.

So far, SANASA has been able to answer a great part of the GRI - G4 indicators, particularly those indicated by the materiality study, but not all of them. Therefore, the goal of the company is to keep evolving and, in 2015, issue a Sustainability Report with even more complete and comprehensive G4 indicators.

MATERIAL ASPECTS IDENTIFIED AND LIMITS

G4-17

Entities included in consolidated financial statements or equivalent documents of the organization

R. Government, Shareholders, Campinas City Hall, workers, third parties, financial bodies, consumers.

G4-18

Process adopted to define the content of the Report and the limits of Aspect. How the organization implemented the Principles to Define the Content of the Report

R. A materiality test was conducted with the workforce on relevant subjects ascertained during the definitions and decisions of the Strategic Planning, elaborated at the meeting of the Executive Board, in April 2012. Managers were included and consulted in the materiality test. Relevant subjects treated with the Public Prosecution Office were also considered in the materiality test.

G4-19

Material Aspects identified in the process of definition of report content.

R. The Material Aspects identified in the test that resulted in the materiality matrix were the following:

ENVIRONMENTAL ISSUES:

1. Water (quality and quantity; loss control program; fight against default; potable water for urban areas and unassisted occupations – Sustainable Action Program).
2. Sewage (quality of receiving bodies, Sewage Treatment Stations - ETEs, implantation of collection network in unassisted neighborhoods, Reuse Water Production Plant - EPAR).
3. Plans (Solid Residues Plan; Municipal Plan of Sanitation; Water Safety Plan).

SOCIAL ISSUES:

Increase of Productivity (attract and retain good professionals)
Diversity (Inclusion)
Professional Capacitation (Training)
Workers' Health (Internal programs)

CITIZENSHIP:

Hospital Fidelity Commercial/Industrial Fidelity
Sustainable Action Program - PAS

G4-20

For each material Aspect, report the Aspect Limit within the organization

G4-21

For each material Aspect, report its limit outside the organization; if the Aspect is material outside the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition to that, describe the geographic location in which the Aspect is relevant for the identified entities

R. All aspects identified in the materiality test are considered relevant for the strategy of the company. The same aspects result in impacts considered relevant in the population covered by the services provided by the Company in the region of Campinas, according to the materiality test.

G4-22 Effect of any change of information provided in previous reports and the reasons for the changes

G4-23 Significant changes relating to periods covered by previous reports in Scope and Aspect Limits

R. No significant changes were registered about the period of the report or the information. The Solid Waste Management Plan is being studied again.

ENGAGEMENT OF STAKEHOLDERS

G4-24 Groups of stakeholders engaged by the organization

G4-25 Base used to identify and select stakeholders for engagement

G4-26 Approach adopted by the organization to involve stakeholders

G4-27 Main topics and concerns raised during the engagement of stakeholders and the measures adopted by the organization to approach these topics and concerns

R. The engagement of the several external stakeholders will happen during 2014.

G4-32 Option "in accordance" chosen by the organization. Summary of Contents of the GRI for the chosen option (see the following tables). Although the GRI recommends the use of external verification, this recommendation is not a requirement to make the Report "in accordance" with the Guidelines

R. This Report shows standard contents of the Global Reporting Initiative Guidelines - GRI, version G4, for Sustainability Reports in the Essential option.
This Sustainability Report was not submitted to external check.

Summary of Contents of the Global Reporting Initiative for the Essential option

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Material Aspects identified and limits	
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Specific Standard Contents	
Material aspects identified (as in G4-19)	Information on the form of management and indicators (specific standard contents related to each Material Aspect identified)
Water: a)Quality and quantity; loss control program. b)Fight against default; c) Potable water for unassisted neighborhoods and occupations.	a)Environmental Management, page 36 b)Operational Management, page 27 c) Sustainable Action Program – PAS, page 61
Sewage: a) quality of receiving bodies, Sewage Treatment Stations - ETEs; b) Implementation of collection networks in unassisted neighborhoods; c) Reuse Water Production Plant - EPAR	a) Environmental Management, page 36 b) Social Management: Sustainable Action Program - PAS, page 61 c) A Message from the CEO and SANASA's Profile, pages 3 and 8
a) Solid Waste Plan; b) Municipal Sanitation Plan; c) Water Safety Plan	a) Being studied again. b) 300% Universal Sanitation Plan: report in a Message from the CEO and in Governance, pages 3 and 17 c) Environmental Management, page 36
Social Aspects	
a) Increase of productivity (attract and retain good professionals) b) Diversity (Inclusion) c) Professional Capacitation (Training) d) Workers' Health (Internal programs)	a) Human Resources, page 55 b) Human Resources, page 55 c) Human Resources, page 55 d) Human Resources, page 55
CITIZENSHIP	
a) Hospital Fidelity, Commercial/ Industrial Fidelity; b) Sustainable Action Program	a) Operational Management, page 27 b) PAS, page 61

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