Regnan

Companhia de Saneamento Básico do Estado de São Paulo (SABESP) ETE Parque Novo Mundo Site Visit

Regnan Sustainable Water and Waste

December 2025

FOR PROFESSIONAL INVESTORS ONLY

SABESP’s accelerated plan at Estação de Tratamento de Esgoto (ETE) Parque Novo Mundo is delivering essential infrastructure that brings sanitation to underserved communities while enhancing the resilience of the wider system.

The Regnan Water and Waste Fund has maintained a position in SABESP, Brazil's largest water utility serving 375 cities in the São Paulo metropolitan region, recognising the company's ability to create value and contribute to urban sustainability.

Our recent site visit to the ETE Parque Novo Mundo treatment facility, a cornerstone asset in São Paulo's wastewater infrastructure, reinforced our conviction that SABESP we believe remains exceptionally well-positioned to benefit from long-term structural trends in water security, urban sanitation, and environmental remediation.

The facility's operational excellence, coupled with transformative infrastructure investments and SABESP's demonstrated commitment to expanding access across underserved communities, underscores why water utilities with genuine sustainability credentials merit a place in responsible investment portfolios.

Engineering a More Efficient Future at ETE Parque Novo Mundo

The ETE Parque Novo Mundo is already a critical piece of infrastructure, serving approximately 1.1 million people in São Paulo's northern zone.

However, the site is currently undergoing a transformative expansion. The centrepiece of this project is the adoption of the Nereda aerobic granular sludge system, a cutting-edge wastewater treatment technology.

During the tour, SABESP's engineers articulated the step-change improvements this technology will deliver. Unlike conventional treatment processes, the Nereda system cultivates dense, fast-settling microbial granules, allowing for biological treatment, clarification, and sludge separation to occur within a single reactor. This innovative design yields remarkable efficiencies:

- **Energy Savings:** The process is projected to reduce energy consumption by up to 50%.
- **Compact Footprint:** The Nereda installation will require up to 75% less land than a conventional plant of equivalent capacity. This is a crucial advantage in a densely populated megacity where land is a scarce and valuable resource.
- **Enhanced Capacity and Quality:** The expansion will increase the plant's treatment capacity from 2,500 to 4,200 litres per second by 2026 and to 6200 litres per second by 2027. Crucially, it introduces tertiary treatment, which removes nutrients like nitrogen and phosphorus, resulting in a much higher quality of treated water being discharged into the environment.

This treatment process investment demonstrates management's commitment to leveraging technology not just to grow, but to become more efficient and sustainable, a core tenet of our values creation thesis.

SABESP Presentation


Construction of Sewage Treatment Plant

The Nereda Technology

It is an innovative biological wastewater treatment technology that utilizes aerobic granular sludge. Instead of traditional loose biomass, this process cultivates dense, compact spheres of microorganisms.

These granules feature distinct layers—an oxygen-rich outer surface and an oxygen-poor core—which enables the simultaneous biological removal of carbon, nitrogen, and phosphorus all within a single tank.

This integrated process is far more efficient than conventional systems that require multiple, large reactors.

Furthermore, because the granules are dense and heavy, they settle extremely quickly. This rapid settling eliminates the need for the large secondary clarifier tanks required in traditional plants, leading to a much smaller physical footprint and greater overall efficiency.

Revitalising the Tietê River

At Regnan, our stewardship is grounded in a systems-thinking approach. We believe a company's long-term resilience depends on the health of the broader environmental and social systems in which it operates. The ETE Parque Novo Mundo expansion is a powerful illustration of this principle in action.

The impact of the ETE Parque Novo Mundo expansion extends far beyond the plant's boundaries. The project is a cornerstone of the Integra Tietê program, a multi-billion-dollar state-led initiative to clean up and revitalise the historic Tietê River.

The Tietê River, which flows for over 1,100 kilometres through the state of São Paulo, has been heavily polluted for decades, particularly in the stretch that runs through the São Paulo Metropolitan Region. The primary source of this pollution is the discharge of untreated domestic and industrial sewage.

The Tietê River's revitalization hinges on one primary goal: stopping the flow of untreated or undertreated sewage into its waters. SABESP's strategy to achieve this has two main parts:

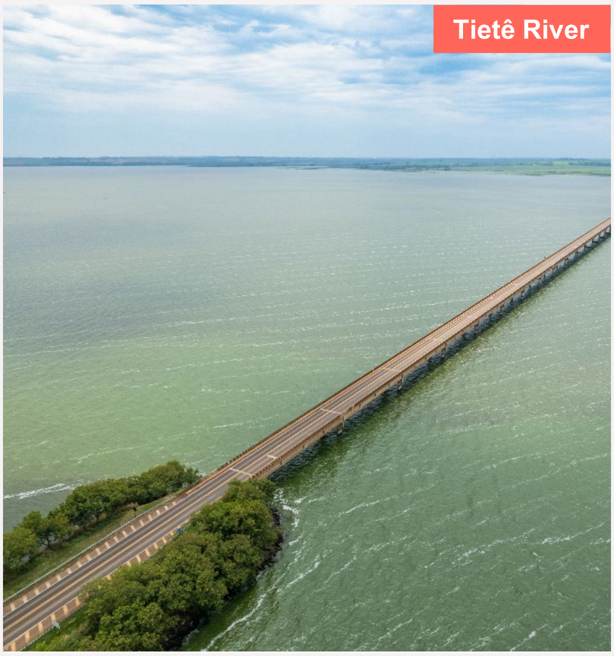
Expand Sewage Collection: Build new pipes and networks to connect hundreds of thousands of homes and businesses that currently discharge their waste directly into storm drains or smaller streams that feed the Tietê.

Increase Sewage Treatment: Ensure there is enough capacity at the major wastewater treatment plants (ETEs) to handle the massive increase in sewage collected from these new connections.

The addition of 1,500 litres per second of tertiary-treated wastewater from this single plant will significantly reduce the pollutant load entering the river. This will directly contribute to improved water quality, the gradual restoration of aquatic ecosystems, and the reduction of public health risks. Over the long term, it would ensure the sustainability of water catchments and the urban environment.

Sewage Treatment Plant

Tietê River



Universalisation as a Driver of Building Social and Economic Resilience

SABESP's mission is intrinsically linked to social development. Following its recent privatisation, the company is channelling significant investment—over R$70 billion—to accelerate its universalisation goals.

As confirmed in our December 2024 engagement, SABESP aims to achieve 99% drinking water coverage and 99% sewage collection and treatment by 2029, four years ahead of the national mandate.

Crucially, this program now formally includes informal urban areas (favelas) and rural communities, which were not fully accounted for in previous statistics. The social co-benefits of this expansion are profound. When a household in a favela is connected to the formal water and sanitation network, the residents are added to official government databases. This act of formalisation serves as a critical gateway, enabling access to a suite of other essential services, including opening bank accounts, obtaining credit, and participating in social welfare programs. It is a powerful mechanism for poverty reduction and financial inclusion.

SABESP approaches this expansion with social equity at its core. As we learned in our engagement, the company must secure agreement from community leaders before beginning work, ensuring local buy-in. To address affordability, a social tariff structure supports low-income households with their water bills. Furthermore, the company's philanthropic foundation funds the installation of toilets and internal plumbing for families who gain a connection but lack the means to install the necessary facilities, ensuring the health benefits of modern sanitation are accessible to all.

The site visit to Companhia de Saneamento Básico do Estado de São Paulo (SABESP) was conducted in November 2025 and is currently held in the Regnan Sustainable Water and Waste Strategy. **Holdings are subject to change at any time and are not recommendations to buy or sell any security.**

Imagery Source: Companhia de Saneamento Básico do Estado de São Paulo (SABESP).

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