



CDHU

Annual Report
Sustainability, Management,
and Governance Letter

2022

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Introduction

Through the Annual Sustainability Report for year 2022, Companhia de Desenvolvimento Habitacional e Urbano [Housing and Urban Development Company (CDHU)] complies with the requirements of Federal Law No. 13,303/2016 (Government-Controlled Companies Law), which, in its article 8, establishes that government-controlled companies and mixed-capital companies must observe minimum transparency requirements, including the annual disclosure of an integrated or sustainability report.

More than complying with a legal requirement, this Report highlights CDHU's role in promoting housing and urban development, in accordance with the guidelines of the Housing Policy of the State of São Paulo, focusing on the needs of the most vulnerable population.

In recent decades, CDHU has played a very important role as an agent promoting decent housing conditions for the low-income population — families with monthly income of up to 5 minimum wages, which can reach up to 10 minimum wages, in a complementary way.

By promoting dignified housing conditions, CDHU's housing programs contribute to

the realization of other public policies and to the urban reclassification of precarious settlements, giving new perspectives to the “dream of owning a home”, or the “dream of stability”, which reflect the search for the quality of life of the most vulnerable population in the State of São Paulo. By having access to decent housing integrated into the urban fabric, these families have access to adequate infrastructure and public services.

In addition to contributing to the economic and social development of underprivileged communities and municipalities, CDHU intervenes in the urban development of cities, promoting programs that involve housing provision, urbanization of precarious settlements, housing and urban reclassification and land regularization of social interest. CDHU thus fosters great economic dynamism in the municipalities and regions where it operates, making a strong contribution to solving socio-environmental problems.

The contribution to socioeconomic development demonstrates CDHU's important work in the housing construction sector and distinguishes it from other private companies operating in the sector.

In addition, CDHU's work has a strong connection with the United Nations (UN)¹ Sustainable Development Goals (SDGs), specifically with SDG 11: Make cities and settlements inclusive, safe, resilient, and sustainable². According to the UN, SDG 11 aims to ensure access for all to safe, adequate and affordable housing, including access to basic services and slum urbanization by 2030. The SDGs to which the Company contributes through its initiatives are indicated throughout this Report.

CDHU is also able to contribute to other social agents, since all the knowledge and experience acquired over 70 years of existence are available to third parties. Since 2019, when State Decree No. 64,646³— which determined that the public activities carried out by Companhia Paulista de Obras e Serviços [São Paulo Company for Works and Services (CPOS)] should be performed by CDHU — was enacted, the Company has taken on a new challenge as a technical agent responsible for providing services to various public bodies and entities, both directly and indirectly administered by the Government.

The provision of services to third parties has been growing year after year, proving

CDHU's service capacity and the Company's expertise in the technical management of projects, social work, direction and supervision of works and services, among others.

As a public company of the Government of the State of São Paulo, CDHU continues to make progress in tackling the main housing and urban problems, specially in the metropolitan regions where the largest contingent of low-income population residing in areas of incomplete and precarious urbanization is concentrated, and, consequently, a higher incidence of problems and demands for social housing.

This Report reinforces respect and responsibility in the various relationships arising directly or indirectly from the Company's activities and CDHU's ongoing commitment to transparency with all interested parties.

Enjoy the reading!

¹ The UN Sustainable Development Goals are a global call to action to end poverty, protect the environment and climate, and ensure that people everywhere can enjoy peace and prosperity. These are 17 ambitious and interconnected goals that address the main development challenges faced by people in Brazil and around the world. To learn more, please visit <https://brasil.un.org/pt-br/sdgs>.

² To learn more about SDG 11, please visit <https://brasil.un.org/pt-br/sdgs/11>.

³ State Decree No. 64,646, of December 6, 2019.

Message from the new Management



PPP in the Central Area of the City of São Paulo.

New challenges of the Urban Development and Housing Policy

As of 2023, CDHU is part of the new Urban Development and Housing Department, which focuses, in addition to directing the available funds and financing for the housing sector to minimize the deficit in the State of São Paulo, on the growing and pressing challenge of urban renovation, by tackling the urban and environmental aspects of degraded areas, central regions, occupation of risk and watershed areas, precarious and irregular settlements.

The offer of decent and affordable housing solutions for the low-income population and the promotion of a wide land regularization should be increased, especially in the complex reality of metropolitan regions. Similar efforts shall be used to make urban and housing improvements, with adequate water, sewage and draining infrastructure, and solid waste collection and treatment services.

Addressing these issues requires structuring this important public agenda, which should allocate the scarce existing resources for integrated actions of the mobility, housing, infrastructure, and environment sectors, counting on public-private investments and innovative financial models and granting of social subsidies. Investments should find in the cities and in the regions the resonance

for the improvement of people's quality of life and for the expected attraction of economic flows towards a new urban economy.

Regional urban policy actions shall respond to the priority to be granted to precarious settlements and the dynamics of the regional urban network. Transportation services shall have priority in the location of the new ventures and renovated urban spaces, and the essential environmental sanitation services and public equipment must be integrated into the investments in housing and urban development. Similarly, land regularization and slum urbanization services, especially in metropolitan watershed areas, require urgent adaptation measures and resilience with strong social impact.

In this context, some care is necessary to measure and minimize the risks that climate changes have already produced in the cities of the State of São Paulo. Preventing the effect of the risks on vulnerable areas (floods and landslides), rationalizing the offer of housing, designing compact cities, focusing on digitization of the services, and smart city devices are prosperous paths to qualify the urbanization of the resilient cities in the State of São Paulo.

The issue involving precarious and irregular settlements, especially in the complex reality of the Brazilian metropolitan regions, is the most important vector of housing needs

identified by the 2011-2023 State Housing Plan and continue requiring integrated actions for its equation, which associate public housing policy to other urban development actions, seeking to promote the life conditions in the incomplete and precarious urbanization areas where the largest contingent of low-income population lives, especially in the metropolitan areas.

In this respect, as technical agent of the housing system in the State, CDHU gains relevance in the support and implementation of the new urban development duties, associated to the promotion of housing, seeking to comply with the new 2040 Urban Development and Housing Plan with relevant targets for the provision of housing, housing and urban reclassification, land regularization, and integrated operations for urban development.

Marcelo Cardinale Branco

State Secretary for Urban Development and Housing of the State of São Paulo

Reinaldo Iapequino

CDHU President

Message from Housing Department of the State of São Paulo

Hard work and great results

The State Housing Department, through CDHU and São Paulo Social Housing Agency (Casa Paulista), has made every effort to fight the housing deficit in the State of São Paulo, whether by building new houses of social interest for the low-income population or reducing housing inadequacies and working for the recovery and reclassification of degraded and environmental areas.

In this regard, CDHU completed and delivered, in 2022, 6,888 new houses, and we ended the year with more than 21,000 housing units under construction. Through Casa Paulista, in partnership with Federal Government programs, 1,959 units were delivered in the State of São Paulo. In addition to this total, other 61,579 houses are now feasible thanks to funds from Casa Paulista in Nossa Casa Apoio, Nossa Casa Preço Social and Letter of Associate Credit programs.

Like other States, São Paulo also faced budget difficulties in 2022. To face this situation, the State Government reinforced the budget, and the Department sought partnerships with the private sector, with Nossa Casa Apoio, Nossa Casa Preço Social and Letter of Associate Credit programs, an additional opportunity for us to diversify housing distribution, prioritizing residents of risk areas and families that currently receive housing assistance.

Through Viver Melhor Program, which provides for the execution of repairs, corrective maintenance, reclassifications and adaptations in precarious houses located in regularized centers or subject to regularization, we are recovering 11 thousand houses in 52 degraded centers located in 34 municipalities in the State. In 2022 alone, the program was implemented in 49 centers in 34 cities of the State of São Paulo.

Launched in 2021, Viver Melhor aims to improve habitability, health and accessibility conditions for families residing in houses considered inadequate and located in precarious settlements. The goal is to serve 17,500 families that earn a monthly income of up to 5 minimum wages.

In addition to housing provision, the Housing Department intensified land regularization actions that guarantee the right to property for low-income families, invested in the recovery of inadequate houses, guaranteeing better housing conditions for the families served, and developed actions for resettlement of families living in degraded and environmentally protected areas, such as stilt houses in fountainhead areas.

Through Cidade Legal Program, 47,000 property titles were granted to low-income families in 2022. With the title in their hands, residents become the legal owners of their properties, in addition to other

benefits such as access to the formal credit market, the possibility of selling the property and transferring it to children or heirs.

We also developed a program to resettle families living on stilts in Santos Coastal Plain, which is called Vida Digna program. The program already has 2,038 units underway in Cubatão (116), Praia Grande (100), Guarujá (580), São Vicente (228) and Santos (1,014). Of these units under construction, 1,898 started in 2022. Another 1,878 are in project phase.

Vida Digna Program will build 3.6 thousand new houses for families living on stilts. The investment is R\$600 million for the construction of houses and revitalization of areas in Santos, Guarujá, Cubatão, Praia Grande and São Vicente.

In 2022, the Department made efforts towards responsible management of its resources, reducing operating costs, modernizing and optimizing processes that involve its lines of action, such as the approval of projects by the Group of Analysis and Approval of Housing Projects GRAPROHAB, land regularization carried out by Cidade Legal and housing provision by CDHU, as well as promoting Casa Paulista.

For 2023, through CDHU, we are going to provide housing services for 8,000 families. This annual target is foreseen for the next 5 years, conditioned to an annual average of Treasury resources or funding of R\$1.5 billion for investment per year.



Housing Secretary: delivery in Bálsamo.

We will also continue the actions of Vida Digna, Vida Longa, Viver Melhor, Mananciais, Letter of Associate Credit programs and production of units in the countryside in partnership with the municipalities.

Flavio Augusto Ayres Amary

State Housing Department of the
State of São Paulo (2022)

Message from the Housing and Urban Development Company (CDHU) Presidency

A year of modernization and preparation for the future

(GRI 2-22)

CDHU has been moving towards reviewing and improving its way of operating and towards a more effective use of its potential, whether in housing promotion, in the provision of services or in the promotion of urban development.

Year 2022 was marked by the optimization of all CDHU processes and the expansion of its scope of work, based on the knowledge and experience acquired in its more than 70 years of operation, over which the Company has been recognized as an outstanding technical agent and provider of services and as a company that promotes housing and urban solutions in the State of São Paulo, with impact on other fields of action.

As to promotion of housing and urban solutions, we organized programs and started many works, with a view to improving the quality of life of the socially vulnerable population and the sustainable urban development. The methodology for the production of units in the countryside had its methodology changed with the contracting of lots separately from the production of housing units, gaining production scale. For vertical buildings, we adopted integrated

and semi-integrated contracts, with reduced design and licensing deadlines, under the responsibility of contracted companies, promoting better use of land.

It should be emphasized, for 2022, the advancement of Vida Digna Program, which includes a wide range of actions and interventions focused on the removal and resettlement of around 3,600 families living on stilt houses and floodplains in the Metropolitan Region of Santos Coastal Plain, in the municipalities of Cubatão, Guarujá, Praia Grande, Santos and São Vicente. Families that currently live in extremely precarious conditions in degraded and environmentally risky areas will be transferred to new housing complexes that are being built in these 5 cities in Santos Coastal Plain.

With investments of about R\$600 million from the São Paulo government, Vida Digna aims to remove irregular occupations on stilts and resettle families in housing developments in the same municipalities. The program relies on the participation of municipal governments in providing land for the construction of units and support in removals, social work and recovery of degraded areas after they are vacated.

In addition to promoting permanent housing assistance, Vida Digna Program

makes it possible to remove a population in a situation of health vulnerability, which results from direct contact with the vectors that cause numerous diseases transmitted by water pollution.

Another program that deserves to be highlighted for its focus on improving the living conditions of low-income families, contributing to the qualification of inadequate houses located in settlements in the process of land regularization, is Viver Melhor, which works to provide health, habitability and accessibility to housing, at no cost to families, through the application of resources from Fundo Paulista de Habitação de Interesse Social [São Paulo Social Interest Housing Fund (FPHIS)].

In 2022, we managed to improve the format of this program, so that we can produce in scale. A great challenge, considering that the improvements and repairs in the houses are carried out while the families live in the houses. CDHU's work is carried in 3 stages: on-site inspection to assess the house and its needs, social work and collection of the resident's signature on the program's adhesion term and execution of improvement works.

With these efforts, Viver Melhor Program has been promoting the recovery of houses located in precarious settlements subject to regularization and is transforming the lives of thousands of families that earn incomes of up to 5 minimum wages, in more than 30 municipalities, with impacts on urban conditions and

on the quality of life of vulnerable populations in the State of São Paulo.

The services performed by CDHU include, among others, laying floors and cladding, installation of frames, waterproofing, roof restoration, drainage repairs, electrical and hydraulic installations, connection to the water and sewage network and improvements in accesses and common areas of the housing complex. The facades of the houses are also renovated and gain colorful painting designed to revitalize the local landscape.

In addition to promoting permanent housing assistance, Vida Digna Program makes it possible to remove a population in a situation of health vulnerability

As to production of houses to meet the social housing demand, there have also been advances in 2022. Throughout the

year, we improved the projects and the execution process of works, which gave more agility and quality to the production of housing units, not to mention the environmental gains. The accreditation of engineering and architecture offices, as well as technological controls, provide agility to projects, environmental diagnoses and licensing. Pre-manufactured components certified by the responsible bodies are used, which, in addition to ensuring the quality of the final product, protect the environment, as, currently, assembly is the most demanding job in the construction site.

In addition to its already important activities in housing and urban development, CDHU has expanded its scope of action, starting to provide services to bodies and entities of the direct and indirect Public Administration of the Government of the State of São Paulo. All activities previously carried out by CPOS were taken over by the Executive Board for Planning and Projects (DPP), responsible for directing CDHU's new services.

With that, we extend our efforts to contracts and agreements not related to the production of social housing, with the provision of engineering services and other related services to various State entities. Many of the contracts inherited from CPOS were completed, and new contracts and agreements were executed, providing continuity to the services and proving CDHU's capacity to meet demands. It is also important to highlight the relevant services provided with CDHU Price Bulletin, recognized by the State, which has subsidies

from Fundação Instituto de Pesquisas Econômicas [Economic Research Institute Foundation (FIPE)] in researching input prices, providing credibility to the hiring processes.

In its more than 70 years of activity, CDHU has developed expertise in several areas (management, projects, inspection and valuation of properties) of engineering and architecture. This experience is crucial for the bodies that demand our services, as such bodies have deficiencies in these areas and seek our support to maintain and adapt their assets and their bases for providing public services. Employees' knowledge and skills are fundamental for innovation and improvement in the development of new jobs, in addition to the housing scope. The interaction between the Executive Board responsible for providing services (DPP) and the other areas of the Company (Legal, Social and Administrative) adds value to the services provided.

Finally, CDHU's contribution to actions for the protection and recovery of fountainheads in the Metropolitan Region of São Paulo deserves additional mention, assuming a relevant role in the field of urban and regional development. In 2022, the Company's performance as a technical agent for the recovery process of the area on the banks of the Billings dam, in the region called Alvarenguinha, located in the Municipality of São Bernardo do Campo, stood out. Working in partnership with the state Housing Department and the Municipality of São Bernardo do Campo, CDHU initiated actions that will



Guarujá – Vida Digna Program.

benefit about 5,250 inhabitants, which corresponds to approximately 1,500 houses to be serviced by urbanization and environmental recovery works and by the construction of houses for the resettlement of some of the families. These projects are part of an integrated urbanization and environmental recovery plan for the Billings dam, which began in São Bernardo do Campo, but is expected to expand to other areas in the Metropolitan Region.

In short, in addition to seeking to improve housing service actions, to which CDHU has been dedicating its efforts for more than 70 years, its performance in the

provision of public services and as a technical agent for urban and regional development stands out in 2022, always grounded on the vision of improving the living conditions of the population, its social and environmental aspects, and providing quality to the living and housing conditions of the population of São Paulo.

Silvio Vasconcellos

CDHU President (2022)



Highlights

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Services in 2022¹

(SASB | IF-HB-000.A, SASB |
IF-HB-000.B, SASB | IF-HB-000.C)

22,588

housing units in
production/construction
for further housing
assistance

4,821

urbanized lots
for subsequent
construction of
buildings

¹ From January 1, 2022 to December 31, 2022.

3,844

housing units
delivered in housing
developments
promoted by CDHU

272

letters of credit enabling
the acquisition of ready-
made houses in the real
estate market

242

households benefited
from urbanization
in slums

103

agreements executed in
2022 for the production
of 7,808 housing units



Awards

Award Associação Brasileira de COHABS (ABC) Habitação:
Vida Digna Program/Socio-environmental Recovery of the
Banks of Billings Dam Project/Integrated Information System of
Viver Melhor Program;

Racial Equity Project – Casa SP AfroBrasil: CDHU received the SP
AfroBrasil Award granted by the Racial Equity Center linked to the
Regional Development Department in an event held at the Latin
America Memorial at the Socioeconomic Forum of Afro-Brazilian
Culture, for the relevance of the project developed by CDHU to foster
activities aimed at valuing and supporting culture in the various
municipalities of the State of São Paulo; and

Ranking in the 2022 Yearbook of Época Negócios magazine – 2021
balance sheet: CDHU reached the 263rd place in the general ranking
of companies across the country, with emphasis on 7th place in
sustainability in the construction sector.



CDHU in numbers

547,000

**housing units
built in over
70 years of
operation**

97%

**presence in the
municipalities
of the State of
São Paulo (houses
delivered in 631
municipalities out
of a total of 645**

+ 2 billion

**reais
transacted
per year**

**Around
2.2
million**

**people live in
in the houses of
CDHU, a number
greater than the
population of
most Brazilian
municipalities**



CDHU



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CDHU

(GRI 2-6)

CDHU is a public company that is part of the indirect administration of the State of São Paulo. It is governed by its [bylaws](#) in accordance with Federal Laws No. 6,404/1976 and No. 13,303/2016, as well as other applicable legal provisions. The Company, known today as CDHU, was founded in 1949 and has had several names: CECAP, CODESPAULO and CDH. It received its current name in 1989. (GRI 2-1)

CDHU fulfills an extremely important social function: to promote dignified housing conditions for the low-income population, primarily concentrated in the range of 1 to 5 minimum wages, which may reach up to 10 minimum wages, in a complementary manner; that is, CDHU serves the most vulnerable layers

of society, those people most affected by the huge liability of housing and urban problems.

By producing houses, CDHU also intervenes in the urban development of cities, in accordance with the guidelines of the Housing Department, collaborating with the public authorities to face **2 major challenges** in the housing issue in the State of São Paulo:

1. **Providing new houses** for the low-income population, not served by the formal market, within the scope of a structured Social Interest Housing (HIS) policy, addressing the housing deficit; and
2. **recovering and qualifying the urban and environmental liabilities** generated by the intense and precarious growth of cities, represented by more than 3 million houses in São Paulo with shortages, according to a study by CDHU/Fundação Seade (FSEADE)¹.

State of São Paulo

With a territory of 248.2 thousand km², the State of São Paulo has a population of 47.1 million inhabitants² and is the most populous unit of the Federation. Taking into account that the current population of Brazil is 215,5 million people³, the population of São Paulo corresponds to 21.8% of this total. It is a highly urbanized state, with an urbanization rate of 95.9%.

The Human Development Index (HDI) of the State of São Paulo is 0.806, characterizing it as a state with high human development⁴. With its 645 municipalities, the State of São Paulo has the widest and most complex urban network in the country, inter-related with neighboring states, affecting the entire national territory.

¹ Seade Foundation. Report I – Estimate of housing needs in the State of São Paulo. Seade Foundation, São Paulo, October 2009; CDHU. State Housing Plan 2011–2023, published in 2011.

² Brazilian Institute of Geography and Statistics (IBGE), 2021.

³ IBGE, 2022.

⁴ UNDP - United Nations Development Program, 2021.

Strategic objectives

(GRI 2-6)

In order to understand the regional diversities of this nation-state that is the territory of São Paulo, CDHU has the following strategic objectives:

Promoting the fight against the **housing deficit** of social interest in the State of São Paulo, ensuring the fulfillment of priority local and regional demands, considering their specificities.

Contributing to the reduction of **housing inadequacy**, primarily by mobilizing other governmental bodies and social players in the State of São Paulo.

Guaranteeing **housing assistance** to low-income families with dignified solutions that promote their quality of life.

Promoting **social inclusion** and citizenship through the provision of new housing and urban recovery actions, integrated with local and regional social policies in the State of São Paulo.

Promoting **local development** in partnership with the organized civil society, through implementation of urban and housing solutions integrated with urban planning in the municipality and region.

Supporting the **technical-institutional development** of social housing policy agents.

Guaranteeing **stable budgetary sources** for funding and subsidies, expanded with funding from international, federal, private and municipal counterparties.



Mission

Promote assistance to low-income families, in São Paulo, with the provision of housing solutions of social interest, in accordance with the guidelines of the Housing Policy of the State of São Paulo, in 3 dimensions:

Social

Assisting families with greater social vulnerability, resulting in improved quality of life.

Economic

Ensuring access to financing and subsidies compatible with the families' ability to pay, respecting the Company's economic and financial balance.

Quality and sustainability

Make real estate feasible, with quality projects, infrastructure and integrated to the city. Guarantee of housing solution which provides adequate use and maintenance in the conditions of habitability, accessibility, sociability and urban and environmental quality.

The definition of CDHU's mission, principles and values is the result of the Company's strategic planning processes, developed with the participation of groups established by the presidency, formed by officers, superintendents, managers, leaders and employees appointed according to the proposed themes. Such inputs, aligned with the guidelines of the Housing Department (currently the Urban Development and Housing Department) and the broader guidelines of the State Government, are the references for the policies to be followed and the basis for the formulation of economic, social and environmental strategies defined by the executive board, and object of appreciation by the Board of Directors and the Audit Committee, also considering the other stakeholders of the Company in the implementation process. (GRI 2-12)

Vision for the future

To be a reference and innovative Company in meeting the housing demands of social priority, local and regional, considering their specificities, in order to face the high and unequal liabilities of housing inadequacy and deficit, through the provision of new houses and urban recovery actions, associated with local development and promotion of social inclusion and citizenship in the State of São Paulo.

CDHU's role as a promoting, technical, financial agent and service provider

A CDHU performs the following main functions, as detailed in its Bylaws:

- **Housing promoter and financial agent**, in the various types of housing assistance, in line with the urban and housing development guidelines established at state and municipal levels and other similar plans;
- **technical agent and provider of services to public agents**, being able, among others, to assume the following responsibilities:
 - Support for performance of priority state or municipal housing plans and programs to serve the low-income population by providing technical, legal, community and financial assistance services to such programs;
 - provision of project services for urban or community equipment and other buildings intended for the provision of public services, through agreements with other public entities;
 - preparation or promotion of projects for housing developments; and
 - provision of condominium management services for buildings owned by the State Government, as well as provision of inspection, evaluation and land regularization services for real estate, among others, including attributions that expand the Company's field of action for integration with multisectoral public policies and, in particular, that of urban development, taking into account the opportunities and mechanisms of the real estate and capital markets; and

- **operating agent of the Housing Financial System**, being able to enter into agreements and hire services with financial institutions, as well as with international entities, to obtain funds and manage credits for financing granted to beneficiaries of housing programs promoted by the Company.

Linked to the Housing Department, which is responsible for defining the Company's guidelines, CDHU follows the Housing Policy of the Government of the State of São Paulo, supported by the institutional structure that integrates the federal guidelines of the National System for Social Interest Housing (SNHIS), including municipal agents, promoting entities, social movements and the productive sector.

Responsible for putting into practice the programs and projects that comply with this policy, the Housing Department of the State of São Paulo is supported by the State Housing Board, an advisory body that promotes the discussion and monitoring of the state housing policy with the participation of segments of the Public Administration and the organized civil society. Within this scenario, CDHU assumes the role of technical, production, financing and technological development agent for the Department programs.

Business model

(GRI 2-6)

CDHU presents below its business model systematized by inputs, vision and main functions, products and results for 2022, in light of the requirements of the Value Reporting Foundation.

Inputs

Human Capital

- Competences;
- wage equity;
- ethics and compliance; and
- occupational health and safety.

Financial Capital

- Operating and financial result.

Natural Capital

- Water efficiency;
- energy efficiency;
- waste management; and
- GHG emissions.

Manufactured Capital

- Services and infrastructure investments.

Social and Relationship Capital

- Social impacts and local development.

Intellectual Capital

- Service efficiency;
- housing plans and projects.

Vision

Promote assistance to low-income families, in São Paulo, with the provision of housing solutions of social interest, in accordance with the guidelines of the Housing Policy of the State of São Paulo, in three dimensions: social, economic, quality and sustainability.

Products

The main housing products of social interest offered by CDHU:

- Provision of housing units, new or acquired in the market;
- production of urbanized lots in municipal plots of land;
- construction of houses benefited by urbanization in slums,
- regularization of housing complexes and urban housing improvements; and
- in addition, it expanded its scope of activities, providing services to public agents.

Main functions (GRI 2-6)

- Housing financial and promoting agent;
- technical agent of the State Housing System and for provision of services to public agents; and
- SFH operating agent (System Housing Finance).

Results

Natural Capital

- 4.05 ML water consumed – 31% less than in 2021;
- GJ 9,454.89 energy consumption;
- GJ 1,903.21 renewable fuel consumption (ethanol);
- 137,431.20 m³ of waste generated in the works;
- pilot project to quantify GHG emissions.

Social and Relationship Capital

- + R\$128 million invested in promotion of social housing; and
- + R\$1.2 billion spent with local suppliers.

Source: CDHU, 2022.

Human Capital

- 390 collaborators;
- women's compensation is 96% of that of men;
- 78% received anticorruption training; and
- low risk of labor accident.

Financial Capital

- Planned x realized R\$2.6 billion;
- default: 24%; and
- borrower portfolio collection: R\$844 million.

Manufactured Capital

- 3,844 housing units delivered;
- 22,588 housing units under production; and
- R\$657.7 million in service agreements entered into.

Intellectual Capital

- + 300 thousand families served; and
- +143 projects, considering renovations, constructions, implementations and typology with materials and processes of better quality.

Supply chain

(GRI 204-1)

CDHU's main suppliers are builders, construction management companies (management and inspection), land regularization companies and companies providing various services (social, commercial, events, etc.). All CDHU suppliers are contracted through public tenders, in accordance with Federal Law No. 13,303, of 2016, and Brazilian companies may participate, regardless of their location, with the obligation to abide by the clauses

referring to human rights, environmental and social criteria practiced by the Company, as well as the quality criteria.

Local suppliers are the vast majority (96.4% of the total), with the proportion of expenses with local suppliers being 91.7%.

Suppliers with activities directly related to the planning and execution of works on housing units, urbanization and other complementary works and services are listed in the table below:

Supplier type	Location	Quantity	Number of locations	R\$ total	BRL local	% local suppliers
Technological control	São Paulo (SP)	6	6	R\$11,215,090.61	R\$11,215,090.61	100.00%
Contractors	SP, Minas Gerais (MG)	71	66	R\$820,904,087.94	R\$731,656,803.74	89.13%
Works management	SP, Rio de Janeiro (RJ)	8	7	R\$184,590,012.32	R\$165,798,749.07	89.82%
Social management	São Paulo (SP)	6	6	R\$95,474,189.30	R\$95,474,189.30	100.00%
Designers		2	2	R\$39,093.33	R\$39,093.33	100.00%
Land regularization	São Paulo (SP)	8	8	R\$72,215,205.60	R\$72,215,205.60	100.00%
Topography	São Paulo (SP)	6	6	R\$11,980,923.34	R\$11,980,923.34	100.00%
PM/SEHAB/COHAB agreements	São Paulo (SP)	61	61	R\$105,364,322.02	R\$105,364,322.02	100.00%
Total	SP, MG, RJ	168	162	R\$1,301,782,924.46	R\$1,193,744,377.01	

Source: CDHU Contract Control Management, December 2022.



Baby Barioni sports set.

Medium term goals

According to the 2023 Business Plan, CDHU has been working to become a company recognized this year for:

- Being an outstanding technical agent and service provider, as well as promoter of housing and urban solutions in the State of São Paulo, with impacts on other scopes of activity;
- promoting continuous innovations in its projects and operating procedures, aiming at innovation, social inclusion and sustainable development; and
- being an intelligence agency for urban and social development of the State, influencing the design and monitoring of state policies, supporting municipalities and state and federal bodies and entities in their constitutional responsibility for promoting social housing.



33 ▲ Housing assistance modalities

37 ▲ Service provision

5

Programs, actions and main products

Programs, actions and main products

Based on the guidelines provided for in the 2011–2023 State Housing Plan and in the 2020–2023 Multi-year Plan, CDHU carries out the following programs and actions:

1. Housing Provision Program

Actions	Products
Housing provision for general demand	Housing units produced and acquired
Provision of urban lots	Urban lots produced

2. Housing and Urban Reclassification Program

Actions	Products
Housing resettlement	Housing units produced and acquired for housing resettlement
Sustainable housing for coastal areas	Houses benefited from housing urbanization and resettlement in the areas of interest of the coast of São Paulo
Urbanization of precarious settlements	Number of houses benefited from housing and urban improvements
Urban and housing improvements	Number of houses benefited from housing and urban improvements

3. Land Regularization of Housing Interest Program

Actions	Products
Land regularization of Housing Complexes and Centers	Number of houses benefited from regularization in CDHU housing complexes and centers

4. Promotion of social interest housing

Actions	Products
Housing support	Housing benefits granted

Housing Assistance Modalities

To implement the main programs and actions that took place in 2022 (PPA), CDHU acts through the following modalities:



Partnership with municipalities

Production of housing developments for general demand, that is, service to low-income families without access to the formal real estate market, identified through local registrations disclosed by public notice and selected in a raffle. In 2022, 2,876 housing units were delivered and 103 new agreements were executed for 7,808 new houses. In addition, 77 developments, which had executed an agreement in previous years, were started. Under this model, CDHU and the municipalities combine efforts to produce housing units, according to the feasibility analysis prepared by CDHU. The developments are built on approved plots of land, then parceled out, registered, and donated by the municipalities to CDHU. The allotment projects approvals, licensing and registration are under the responsibility of the municipalities. CDHU is responsible for contracting the works for implementing the projects or for transferring, through a specific legal instrument, such responsibilities to other partners.



Viver Melhor

This is a set of actions and interventions by the Housing Department through the Urban Development Program (PDU) of Casa Paulista, with FPHIS resources, which are passed on to operation by CDHU, aiming at promoting improvements and adaptations in housing units already built in settlements and urban centers in the State of São Paulo, accompanied by technical assistance and road conservation services. These include repairs and improvements in wall and floor coverings, roof examination and reinforcement, running water and sewage piping and connection to the existing public network, installation of toilets, among others. 2,547 works have already been completed, and 736 are in progress.



Vida Digna

Aims at the removal and resettlement of about 5,000 families living on stilt houses and in floodplains in Cubatão, Guarujá, Praia Grande, Santos and São Vicente. Families will be transferred to new housing complexes built in these 5 municipalities in Santos Coastal Plain, and socio-environmental recovery and rehabilitation actions will be promoted in areas with stilt houses on the edge of the estuary region of Santos. The program receives investments of about R\$600 million from the government of São Paulo and counts on the support of the municipalities in the provision of land plots for the construction of new houses and execution of social work and recovery of vacant degraded areas, in addition to the implementation of leisure areas and areas for other compatible uses in those locations, preventing irregular housing reoccupation. This is a program of great socio-environmental impact on the quality of life of beneficiary families, who are exposed to numerous water-borne diseases and to the release of garbage and sewage directly into mangrove areas.



Letter of Associate Credit

This modality aims at the decentralization of housing production, with the participation of associative entities, housing companies and other similar bodies, such as housing cooperatives, condominiums or legal entities focused on housing production. The target group is formed by families with insufficient income to enter the regular real estate market, and such families are then grouped together by an organizing entity. The service includes granting financing for the acquisition of housing produced by accredited market agents. It is an initiative of the Housing Department/Casa Paulista, which guarantees the necessary subsidies for families to have access to financing. 86 developments have already been approved, comprising 26,301 housing units that may, in principle, be financed with FPHIS resources. CDHU assumed, through an agreement with the Housing Department, the condition of technical and financial agent of the program, being responsible for the analysis of the technical, legal and financial feasibility of the projects approved and indicated by the Housing Department, with a view to financing its units for the associative groups, with the funds transferred. 15 developments (4,125 housing units – HUs) are under construction or in the phase for contracting individual financing; 15 developments (4,793 HUs) have documentation pending analysis; and 32 developments (8,058 HUs) are under analysis and are likely to be contracted in the short term.



Housing and Urban Reclassification

Urbanization and land regularization actions are underway in precarious settlements in municipalities that make up the Metropolitan Regions of São Paulo and Campinas, which concentrate, considering Santos Coastal Plains, the greatest challenges of facing housing deficit and inadequacy in the state territory. The projects in the slums of Santo André, Guarulhos, São Bernardo do Campo, Sumaré and Hortolândia, in addition to the city of São Paulo, stand out. A prominent example is **Favela Marte/Vila Itália** project in partnership with Instituto Gerando Falcões, in São José do Rio Preto, an initiative for the social transformation of the territory, integrating urban development, income generation and social and digital development. Housing and Urban Reclassification is a fundamental line of action for the preservation of areas with socio-environmental weaknesses and includes, among others, Chácara da Baronesa projects, in Santo André, located in the Santo André State Park, Tizo Park, in Taboão da Serra, and Alvarenguinha, in São Bernardo do Campo, which takes the first step in a solid program, **Billings Socio-environmental Recovery Program**, with a forecast of BRL 8.8 billion in investments to be applied in integrated actions of urbanization, sanitation, security, urban and environmental recovery over 10 years, involving multiple institutions of the State Government, municipal governments, private initiative and civil society. In 2022, CDHU promoted 968 HUs and 272 letters of credit for the acquisition of real estate properties in the market, intended for housing resettlement: housing assistance to removed families, linked to housing and urban reclassification projects. (SASB | IF-HB-160a.1).



Vida Longa

Developed with funds transferred by the Housing Department to CDHU and in partnership with the State Department of Social Development and municipal governments, it is aimed at assisting the elderly (people aged 60 or over), who lack solid family ties or are alone, and who do not count on other people for carrying out daily tasks, earning up to 1 minimum wage. It is the implementation of assisted living facilities in horizontal condominiums of up to 28 units, with a social living area and integration with the social network for protection and defense of the elderly. The social management of the equipment is under the responsibility of the municipal government, through its assistance and social development body. In 2022, 4 pieces of equipment were delivered, benefiting 98 elderly people. Another 28 pieces of equipment are in production, with an expectation of a total of 738.



Indigenous Housing

Housing assistance at no cost to families living in approved indigenous lands in the State of São Paulo. In 2022, 30 houses were produced in Rio Silveira village, in Bertioga. Another 328 houses are on CDHU's schedule, and a first stage with 160 units is already under development, including projects in villages in the municipalities of Bertioga, Eldorado, Mongaguá, Peruíbe, São Paulo and Tapiraí. The design and execution of the projects seek to adapt to the uses and cultural customs of each beneficiary village.



Quilombola Housing

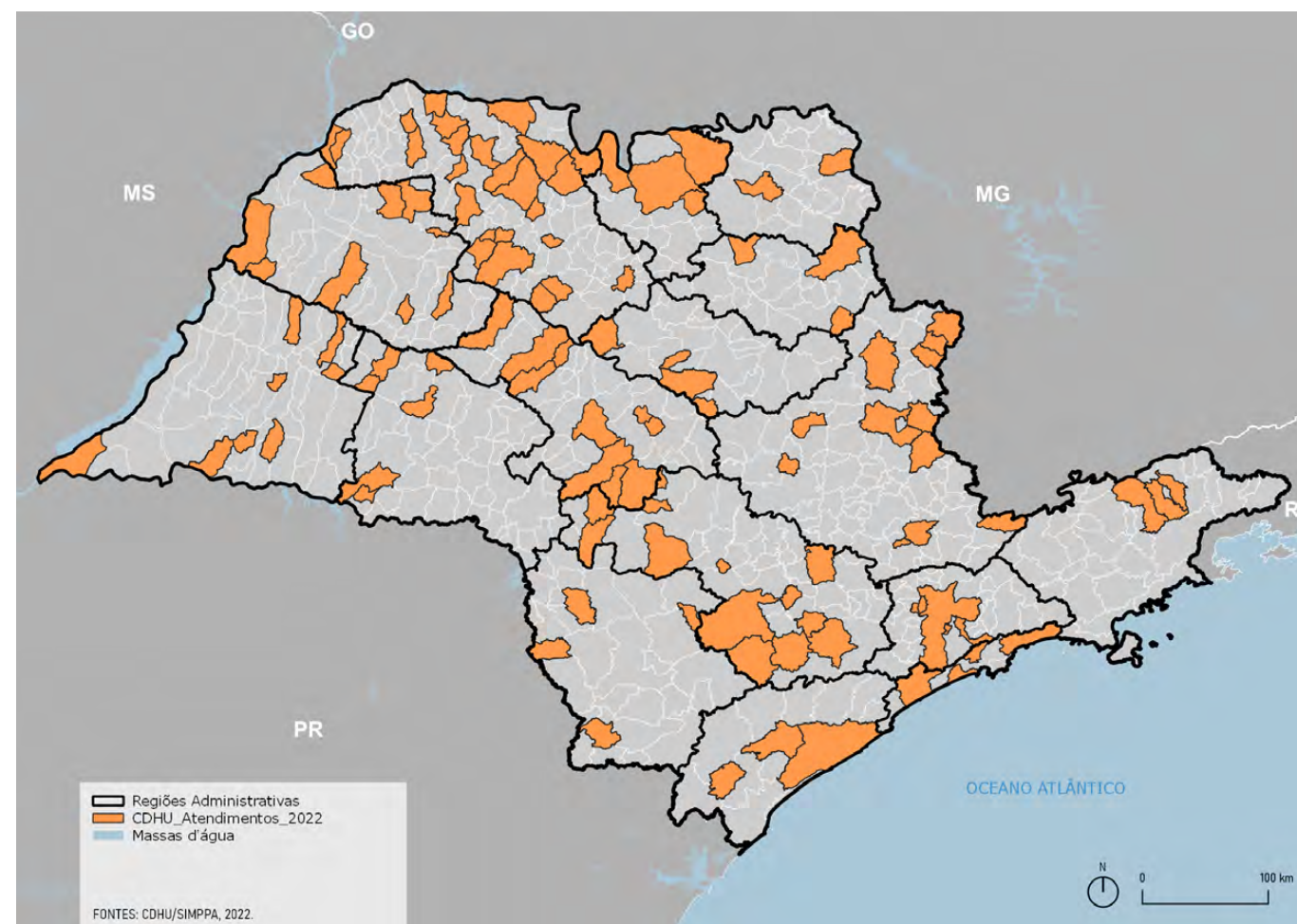
Aims at improving the housing conditions of *quilombola* communities in the State of São Paulo, in areas recognized by Instituto de Terras do Estado de São Paulo [Land Institute of the State of São Paulo (ITESP)], with ownership certificate. The new houses are produced with non-refundable resources, in accordance with the socio-cultural characteristics of the communities served. 110 houses are currently under production to serve Ivaporunduva community, to happen in 2 stages.



Participation in public-private partnerships (PPPs)

CDHU has had a growing participation in the feasibility of PPP projects, seeking to combine efforts to increase the offer of public-interest housing, particularly in the Municipality of São Paulo, which concentrates a very expressive portion of housing needs in São Paulo Metropolitan Region. In the agreement between the Housing Department and the concessionaire (PPP Habitacional SP Lote 1 S/A) for the **PPP in the Central Area of the City of São Paulo**, CDHU provides a subsidiary guarantee for the payment of considerations, in addition to the main guarantee provided by Companhia Paulista de Parcerias. Within the scope of **São Paulo Municipal Housing PPP**, there is an agreement entered into with [Companhia Metropolitana de Habitação de São Paulo [São Paulo Metropolitan Housing Company (COHAB-SP)] through which CDHU offers a subsidiary guarantee for the payment of installments by the municipality, in addition to the main guarantee provided by Companhia São Paulo de Desenvolvimento e Mobilização de Ativos [São Paulo Company of Development and Mobilization of Assets]. In addition, CDHU has been including in this PPP areas of its property for implementation of housing units, in return for the indication of 39% of the families that will make up the list of beneficiaries to COHAB-SP. A proposal for allocation of other areas of CDHU's assets to compose the operation is being currently prepared.

Municipalities assisted in 2022



Source: CDHU/SPPH, 2022.

Service provision

Since 2019, when State Decree No. 64,646¹ — which determined that the public activities carried out by the CPOS should be performed by CDHU — was enacted, the Company has taken on a new challenge, starting to provide engineering services and others related to the company's activities to various public entities of the direct and indirect administration.

All activities previously carried out by CPOS were taken over by the Executive Board

for Planning and Projects, responsible for directing CDHU's new services.

As a result, efforts were concentrated on contracts not related to the production of social housing, with the provision of engineering services and others. Many of the contracts inherited from CPOS were completed, and new contracts were executed, providing continuity to the services and proving CDHU's capacity to meet demands.

¹ State Decree No. 64,646, of December 6, 2019.

The Executive Board for Planning and Projects consolidated the provision of services in the preparation of projects in the fields of architecture, structure, geotechnics, electrics and hydraulics, preservation of historical heritage, infrastructure networks, support to tenders and management of works for various public bodies, including: Civil Police, Military Police, Scientific Police, Department of Culture, Social Fund of São Paulo, Department of Tourism, Department of Sports, Department of Regional Development, Department of Social Development, Department of Finance, Department of Agriculture, municipal governments, Accounting Court of the State of São Paulo, Municipal Department of Education of São Paulo and Centro Paula Souza.

The provision of services is carried out through partnerships, agreements or contracts between CDHU and the requesting bodies.

As the Company has regional support offices, meeting the various demands of projects and works throughout the State of São Paulo can be streamlined, allowing it to meet multiple demands in these areas. In addition, project offices of various technical specialties were accredited to provide services.

The provision of services is carried out through partnerships, agreements or contracts between CDHU and the requesting bodies

BIM Project System

In 2022, the first project in the Building Information Modeling (BIM) System was delivered for the Military Police barracks, at Avenida do Estado. The prospect is that the projects will be developed in this system from conception to completion, with integrated budgeting.

Number of contracts and agreements per year and agreed amounts

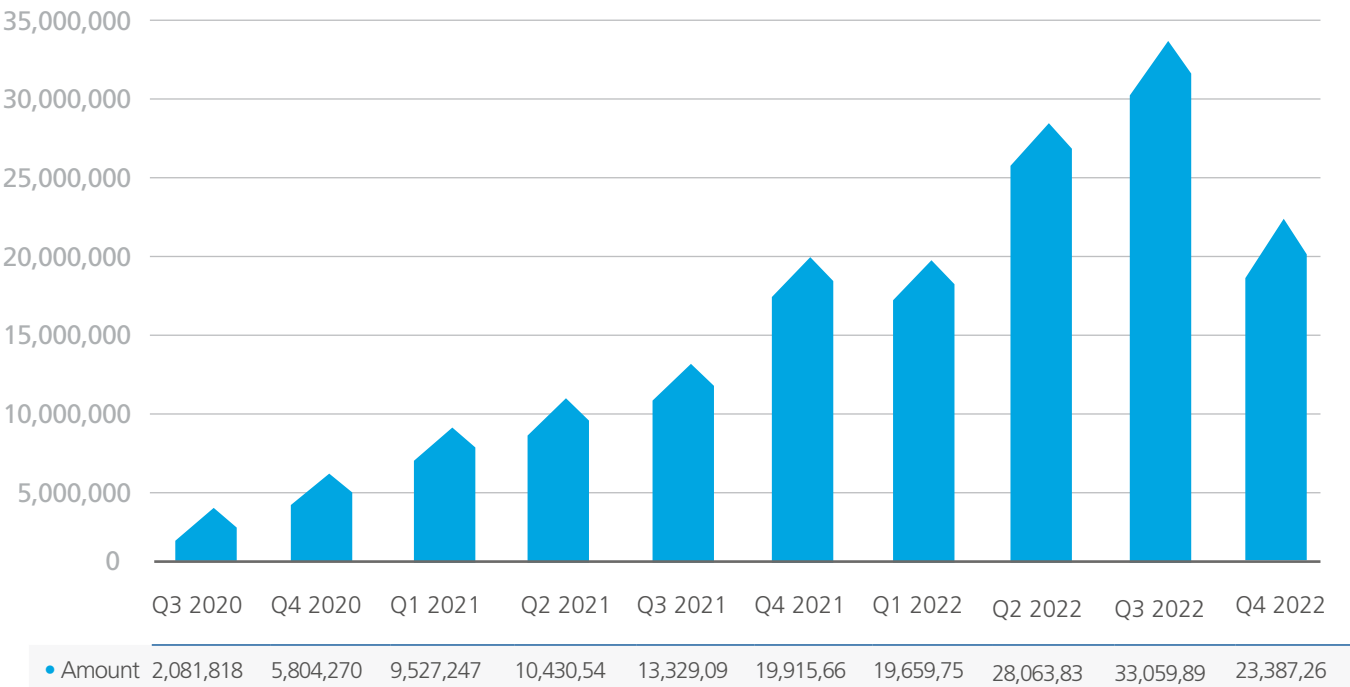
Year	Contracts/agreements	Proposals	Agreed amounts
2020	15	55	R\$108.6 million
2021	20	69	R\$448.4 million
2022	43	138	R\$100.7 million
Total	78	262	R\$662.4 million

Fábrica de Cultura Project

CDHU, supporting the Department of Culture/Social Solidarity Fund of São Paulo (FUSSP), put its technical structure in place to contribute to Fábrica de Cultura Project, located in Parque Heliópolis, a cultural space with 3,400 m² of built area and a theater that can accommodate 328 people in its internal area, with a stage that also allows presentations for the external area. This project started with the support of the Basic Sanitation Company of São Paulo (SABESP) and

private initiative agents to bring to the underprivileged community the already developed potential of Praças da Cidadania, with technical courses for young people, cultural activities such as circus and acting classes, and structure for musical concerts. CDHU's participation concentrated mainly in the preparation of part of the projects (including supporting the completion of projects that had already started) and in the preparation of all bidding material. This project is particularly relevant due to its range, the alignment of various players and, above all, the possibility of providing education, art and leisure to underprivileged communities.

Provision of services: revenues per quarter



Source: CDHU, Contracts Superintendence, December 2022.



6



Governance and compliance

42 ▲ Corporate governance

43 ▲ Governance structure

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Governance and compliance

Corporate governance

(GRI 2-9, GRI 2-10, GRI 2-23, GRI 2-24, GRI 2-26 | SDG 5 e SDG 16)


CDHU has always sought to maintain good corporate governance and compliance practices, valuing respect, responsibility in the various relationships arising directly or indirectly from its activity, as well as transparency with all its stakeholders.

Based on the creation of Law No. 13,303/2016, which establishes mechanisms to expand and improve transparency and governance practices in government-controlled companies, the Company started to take the necessary measures to adapt to the new requirements, strengthening its organizational structure.

The law establishes rules regarding information disclosure, risk management practices, a code of conduct requirement, forms of inspection carried out by the State and by society on its actions, in addition to defining how boards must be formed and the minimum requirements for appointing leaders.

All policies prepared by the Company are approved by the Collegiate Executive Board and by the Board of Directors and disclosed to all employees. The annual training required for some policies is provided by the Personnel

Management Superintendence, supported by the Compliance, Risk Management and Internal Control Superintendence.

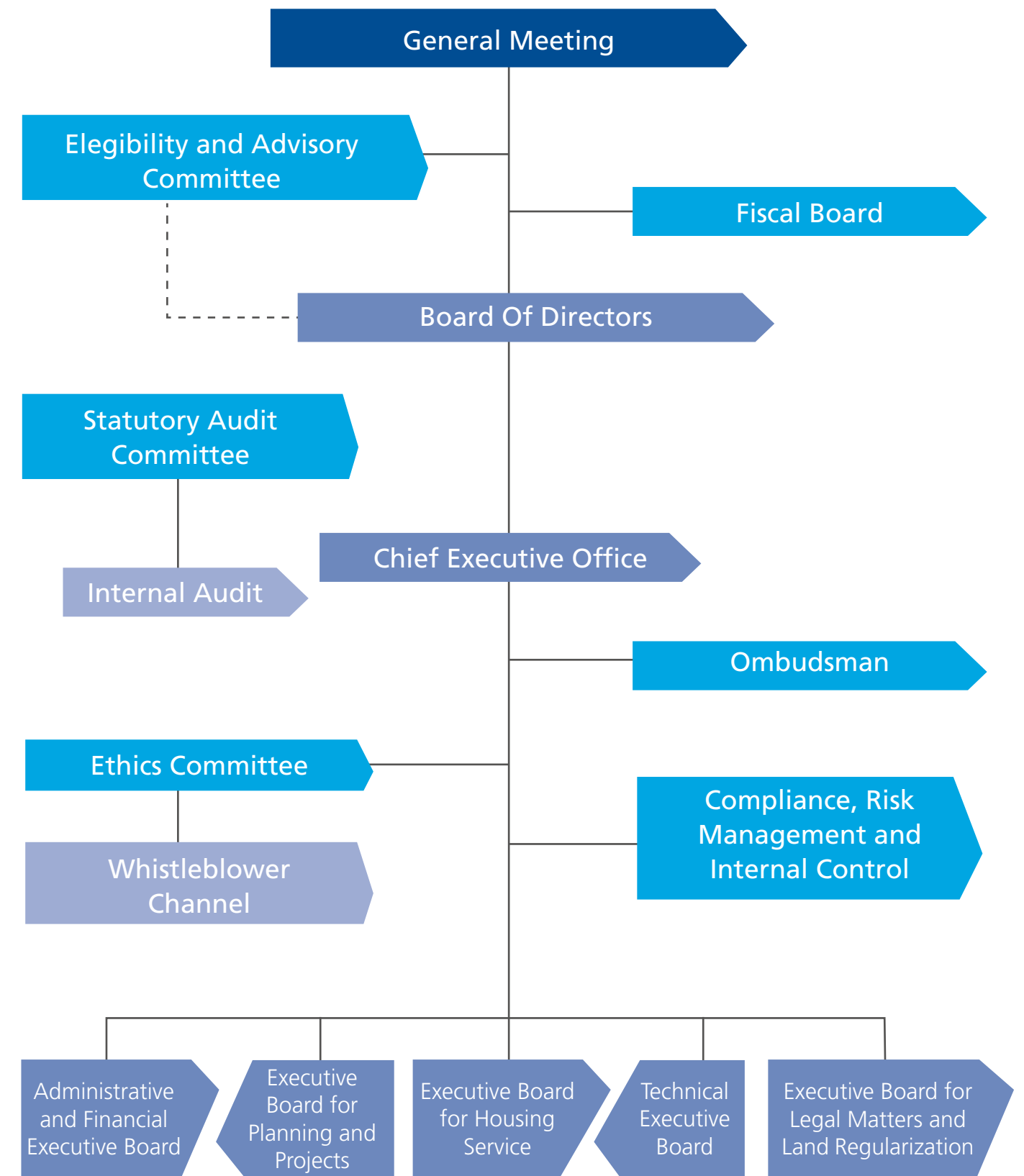
 **Learn more:** To access CDHU's official documents, [click here](#).

CDHU's governance is structured through a board of directors, which includes the presidency and 5 executive boards, in addition to superintendencies and managements with specific functions related to their fields of activity. The entire selection and appointment process for positions of trust, including the highest governance body, focuses on the requirements of competence to exercise the respective functions.

CDHU has always sought to maintain good corporate governance practices, valuing respect, responsibility in the various relationships

Governance structure

(GRI 2-9, GRI 2-10, GRI 2-13 | SDG 5 e SDG 16)



Each level of performance has its specific attributions within the Company:

General Meeting: Responsible for electing the Board of Directors, setting the total number of positions within the maximum limit provided for in the bylaws and designating its chairman, the choice not being allowed to fall to the Company's Chief Executive Officer (CEO) who has also been elected as board member. The meeting is chaired preferably by the chairman of the Board of Directors, meeting annually and extraordinarily when necessary.

Board of Directors: Has the mission of discussing, approving and monitoring decisions involving corporate governance practices, integrity program and code of conduct and integrity, implementing and supervising the risk management and internal control systems established for prevention and mitigation of the main risks to which the Company is exposed, including those related to the integrity of accounting and financial information and those related to the occurrence of corruption and fraud.

In addition to the CEO, the Board of Directors includes professionals from different related areas and monitors CDHU's administrative and strategic balance sheets, as well as the business plan, budget proposals and multi-year plans. In the current term of office, the Board of Directors is formed by 6 men and 1 woman. The current chairman of the Board of Directors is Mr. Lair Alberto Soares Krähenbühl, who is not an officer at the Company. (GRI 2-11 | SDG 16)

With the enactment of Federal Law No. 13,303, of June 30, 2016, the Board of Directors must include, among its members, 1 director elected as employee representative. In March 2022, CDHU elected the employee representative with 115 votes out of a total of 223 voters. (GRI 2-10)



Learn more: To learn more about the election of the employee representative, [click here](#).

In addition to the employee representative, the Board of Directors must include at least 25% of independent members or at least 1, if there is a decision to exercise the option of multiple voting by minority shareholders under the terms of article 141 of Law No. 6,404, of December 15, 1976. Currently, CDHU's Board of Directors has 2 independent directors.

The Board of Directors ordinarily meets once a month to resolve on the matters included in the agenda and, extraordinarily, whenever necessary in the interests of CDHU, being able to consider, at any meeting, matters on the management of the Company's impacts on the economy, the environment and people. (GRI 2-13)

Fiscal Board: Collegiate body that is not part of the management, with individual action by its members, in the capacity of representative of the interests of the Company, of the acts of the managers and of the parameters established in the Bylaws, within the principles of ethics, equity and transparency, issuing opinions, recommendations, as

well as acknowledgment of complaints, caring for the interests of the Company. In the current term of office, the Fiscal Board is formed by 3 men and 2 women.

Chief Executive Office: Acts strategically, with priority being given to promoting the Company's executive structure and appointing or dismissing people to positions of trust in executive functions. Any and all changes in CDHU's organizational or functional structure are formalized and made official by the Chief Executive Officer. The CEO exercises leadership in debates and discussions about the Company's actions through participation in committees, working directly with those responsible for housing services in the State of São Paulo.

Executive Boards: Act strategically and represent the highest decision-making and planning body together with the Company's chief executive office. Its basic attributions include the formulation of policies and guidelines, systematic assessments of needs or trends under its direction and management of activities in its area. The Collegiate Executive Board ordinarily meets at least twice a month (in addition to extraordinary calls by the CEO or other officers) and is formed by 6 members, including the CEO, all with a unified term of office of 2 years, re-election being permitted:

- **Administrative and Financial Executive Board:** Manages the Company's financial resources, commitments and expenses, borrowers' credits and loan agreements. Performs the Company's budget,

financial and accounting management, manages the borrowers' loan portfolio, conducts housing development activities, manages human resources and is responsible for the Company's administrative management and activities related to information technology, providing support to other areas.

- **Executive Board for Planning and Projects:** Develops the functions of providing engineering, architecture and works services to support public agents. It manages the technical resources hired especially for this purpose. It acts directly in the execution of the actions of Viver Melhor Program, of housing improvements in precarious settlements.
- **Executive Board for Housing Service:** Manages and plans activities related to the raffle and delivery of housing units, scheduling and promoting participation and holding events for such acts. It also communicates with the involved governmental agencies, coordinating social organization, condominium, socioeconomic and environmental sustainability works with the population to be served by the developments.
- **Technical Executive Board:** Proposes and implements policies and general and production guidelines for the development and improvement of projects, directing works aimed at planning and controlling constructions works in progress to ensure the standards established in contracts and projects.

- **Executive Board for Legal Matters and Land Regularization:** Promotes, together with the other executive boards, educational and conflict-prevention actions, in addition to CDHU's legal, judicial and extrajudicial defense.

Responsible for preparing opinions and providing technical and legal advice to the other bodies of the Company.

On December 31, 2022, the Company had the following management structure:

Board of Directors

Lair Alberto Soares Krähenbühl	chairman of the Board of Directors
Diogo Colombo de Braga	member of the Board of Directors
Osmar José Tonello	member of the Board of Directors
Geraldo Ferreira de Paula Eduardo	member of the Board of Directors
Iêda Aparecida Patrício Novais	member of the Board of Directors
Rodrigo Otaviano Vilaça	member of the Board of Directors
Silvio Vasconcellos	member of the Board of Directors

Executive Office

Silvio Vasconcellos	chief executive officer officer for Planning and Projects ¹
Nédio Henrique Rosselli Filho	administrative and financial officer
Eric Romero Martins de Oliveira	officer for Housing Service
Aguinaldo Lopes Quintana Neto	technical officer
Manoel Inácio Cavalcante Neto	officer for Legal Matters and Land Regularization

¹ On a cumulative basis.

External Audit

Independent Auditors: KPMG

Manager Compensation Policy

The Compensation Policy of the Company's directors and officers is established in accordance with the guidelines defined by the controller by means of the Council for the Defense of the State Capitals (CODEC). The monthly compensation of the directors was established as percentages of the monthly compensation of the Company's officers, being 30% to the members of the Board of Directors and 20% to the members of the Fiscal Board, conditional upon participation in at least 1 monthly meeting. The annual Compensation Policy of the officers, members of the Board of Directors, and Fiscal Board is based on CODEC Resolution No. 1, of March 16, 2018, and in CODEC Circular Official Letter No. 003/2019, of May 2, 2019.

Managers' assessment

The managers were assessed by the members of the Eligibility and Advisory Committee, both collectively and individually, by means of guidelines and by filling out forms contained in CODEC Resolution No. 4, of November 29, 2019, and the following results were obtained:

1) Grade of the collective assessment

of the Board of Directors: Final grade achieved – 3.51: the collective/collegiate action of the Board of Directors “exceeds the expectations of the law and bylaws”;

2) average grade of the individual

assessment of the Directors: Final grade achieved – 3.57: the individual assessment of the Directors “exceeds the expectations of the law and bylaws”;

3) grade of the collective assessment

of the Executive Board: Final grade achieved – 3.30: the collective/collegiate action of the Executive Board “meets the expectations of the law and bylaws”; and

4) average grade of the individual

assessment of the officers: Final grade achieved – 3.57: the individual assessment of the officers “exceeds the expectations of the law and bylaws”.

As a public company, CDHU's governance structure includes the following committees:

Eligibility and Advisory Committee:

Issues a conclusive statement in order to assist shareholders in appointing managers and members of the fiscal board regarding fulfillment of requirements and absence of prohibitions for the respective elections, in addition to verifying compliance of the process of evaluation of managers and members of the fiscal board.

Statutory Audit Committee: Advisory body that reports to the Board of Directors and is primarily responsible for monitoring the Integrity Program, the internal controls system, the generation and disclosure of CDHU's financial statements, in addition to monitoring the Internal Audit, the independent audit, the whistleblower channel system, the risk management process, internal controls and related parties. It is responsible for ensuring compliance with the Code of Conduct and Integrity, assessing adherence to it and commitment of managers to disseminating a culture of integrity and encouragement of ethical behavior, monitoring procedures to investigate violations.

Ethics Committee: A multidisciplinary, independent collegiate body, which aims to be an advisory body for the Collegiate Executive Board in matters involving violations of rules established in CDHU's Code of Conduct and Integrity.

The Company also has the following governance instruments developed and implemented: (GRI 2-26 | SDG 16)

The **Code of Conduct and Integrity**

systematizes and improves the Company's procedures to guarantee respect and responsibility in the various relationships arising directly or indirectly from its activity. The code is directed to all people who maintain commercial and labor relationships with CDHU, including members of boards and committees, officers, employees, or employees requested from or assigned by other public bodies, interns, apprentices and service providers of permanent, temporary or exceptional nature, directly or indirectly linked to the Company.

The content of the Code of Conduct ranges from CDHU's principles, values and mission to guidelines on the prevention of conflicts of interest and prohibition of acts of corruption and fraud.

The **Whistleblower Channel** is the means of communication through which all employees and other groups, both internal and external, must use to register doubts, suggestions, complaints and reports related to ethics, fraud or any misconduct involving CDHU and its numerous partners. Any person may make consultations on professional ethics or complaints about violations of CDHU's Code of Conduct and Integrity and are registered and handled by the Ethics Committee.



Learn more: *The Whistleblower Channel and the Code of Conduct and Integrity are published on CDHU Portal and can be accessed through the link: <http://www.canaldedenuncias.cdhu.sp.gov.br>.*

Compliance, Risk Management and Internal Control,

in addition to complying with the applicable provisions of article 9 of Law No. 13,303/2016, establishes policies to encourage respect for laws, rules and regulations, as well as prevention, detection and treatment of risks of irregular, unlawful and unethical conduct by the Company's members, adopting efficient structures and internal control practices and management of strategic, equity, operational, financial, socio-environmental and reputational risks, among others, which should be periodically reviewed and approved by the Board of Directors, and communicate them to the entire staff.

The **Internal Audit** is directly linked to the Audit Committee, governed by applicable laws and regulations, and responsible for assessing the adequacy of internal controls, the effectiveness of risk management and governance processes and reliability of processes of collection, measurement, classification, accumulation, registration and disclosure of events and transactions, with a view to preparing financial statements.

CDHU's **Ombudsman** represents the citizen within the body, on an independent and autonomous basis, in accordance with State Law No. [10,294/1999](#) and State Decrees No. [44,074/1999](#) and

No. [60,399/2014](#), establishing a direct communication channel with such citizen.

Furthermore, CDHU counts on the technical support of the following committees and working groups duly constituted and appointed by acts of the president:

- **CDHU's Managing Committee for the Strategic Actions and Investment Plan**, which evaluates the technical proposals and monitors the execution of the budget and the strategic actions and investment plan, identifying deviations that could compromise the achievement of established goals, periodically providing the indication of corrective actions and inputs for decision-making by the governing body;
- **Committee for Follow-up and Delivery of Housing Units**, which organizes information relevant to the delivery of projects; and
- **Innovation and Sustainability Committee**, which identifies priority topics and actions for innovation and sustainability, subsidizing initiatives by the Housing Department and CDHU regarding continuous improvement of housing service solutions and urban development.

Thus, it can be noticed that the Company has the main elements of corporate governance, that is, the system by which CDHU is managed, involving the relationships between the controller, the Board of Directors, the executive board, the supervisory and

control bodies and other stakeholders, which contributes to the quality of its management, its longevity and the common good.

Conflicts of interest

(GRI 2-15 | SDG 16)

Every quarter, a Report on Transactions with Related Parties is prepared, with the purpose of complying with the provisions of article 24, item VI, of Law No. 13,303/2016, which assigns to the Statutory Audit Committee the responsibility for assessing and monitoring, together with the management and the Internal Audit area, the adequacy of transactions with related parties. The Report, which is also appreciated by the Board of Directors, demonstrates that the various transactions with related parties do not constitute conflicts of interest, as they are in line with the Policy for Related Parties Transactions. There is no legal obligation to publish the Reports.

The transactions contained in the Report include compensation of managers, management of agreements with other State bodies and payments for services provided by entities characterized as related parties.

Regardless of the periodic reporting, the officers of supposedly involved areas may forward any cases of conflict of interest directly to the CEO, and such cases are dealt with by the executive board, with the possibility of institution of an internal investigation.

Based on the principles and values established in the Code of Conduct, in the current legal rules, in the normative instructions of CDHU and in the Consolidation of Labor Laws (CLT), the Company observes with the non-accepted practices related to conflicts of interest. The non-accepted practices are applied to corporate activities and actions, as well as the receipt of freebies and gifts, and other rules of compliance and legislation and prevention against fraud and corruption.

Stakeholder engagement

(GRI 2-29)

Stakeholder engagement is inherent to the development of public policies and a condition for the implementation of housing programs. The beneficiaries of public housing policies are considered to be CDHU's essential stakeholders, for whom the Company's actions, in terms of housing actions, are intended.

With this perspective, CDHU has been developing, over the years, a process of improving the relationship with and engagement of these stakeholders.

Currently, CDHU has several relationship channels through which stakeholders may send demands and express their needs, both from civil society and – particularly – to serve their target group.

The following should be emphasized:

- a) CDHU participates in and supports the Housing Department in the development of the activities of the State Housing Board, which has broad representation of civil

society and of the Public Administration with an interface with the Policy on Housing Development, fulfilling an advisory role and serving as a forum where central housing policy issues are discussed; and

- b) it also has several channels through which it receives demands, mostly managed by the Executive Board for Housing Service (DAH), whose scope is to carry out technical-social work and relationship with beneficiaries, including processes for identifying target groups of housing programs and selecting beneficiaries, works of social participation during interventions, commercial qualification and post-occupation follow-up.

The available communication instruments, the institutional spaces for participation and the social teams dedicated to interventions ensure that CDHU fulfills its public functions in a broad, transparent manner, with efficiency and penetration in the territory of São Paulo.

CDHU's service channels for reception of demands are made available to meet multiple objectives, from forwarding complaints, criticisms and compliments to requesting different information from the general public and providing services to beneficiaries (both remote via the website and in person at physical stations).

The Communication Area complements this role, disseminating news and information of public interest and receiving requests from other media agencies for institutional disclosure. (GRI 2-29)

The relationship with other government bodies has many fronts:

- a) At the local level, in structuring partnerships with municipalities to make housing programs feasible; and
- b) with other public bodies at the state level, in the combination of resources and expertise for the implementation of numerous projects and programs (Department of Social Development in the implementation of Vida Longa Program, National Indigenous Foundation in the Indigenous Housing Program, ITESP in the Quilombola Housing actions, etc.), bodies linked to transportation, sanitation and the environment in partnerships for housing resettlement supporting structuring public actions and housing and urban recovery actions, as well as reception of demands from various public bodies for the provision of services.

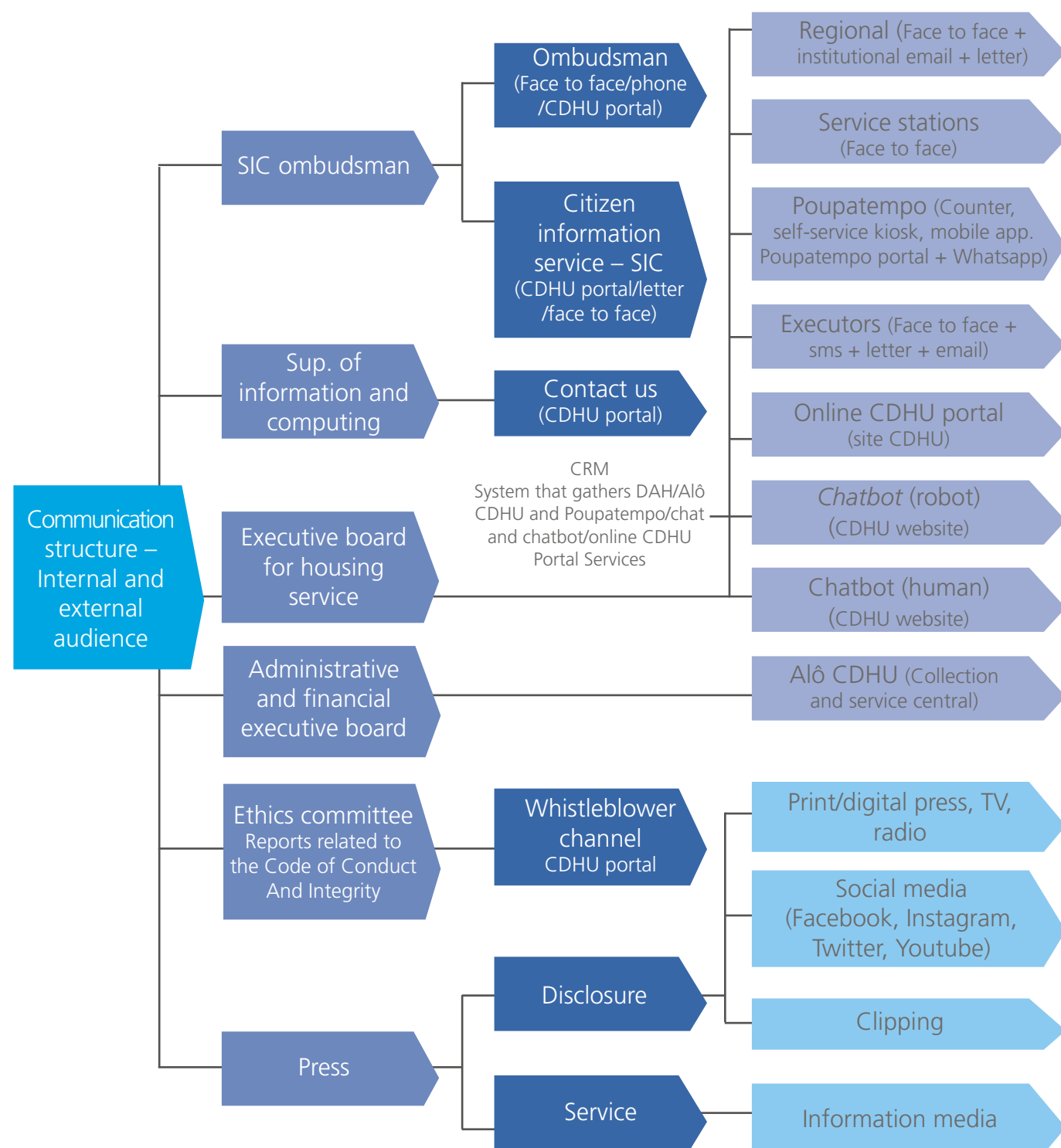
Finally, the [Policy for Related Parties Transactions](#) is also part of the stakeholder engagement approach, covering all segments that participate in CDHU's business: suppliers (contractors, managers and inspectors), representatives of the organized civil society and public authorities, through government agencies, beneficiary population, etc. The Stakeholders Policy monitors the adequacy of the Company's transactions with all agents who work in technical and administrative processes, particularly those who may have a conflict of interest with CDHU.

Communication and relationship channels

(GRI 2-16)

CDHU has a variety of communication and relationship channels offered to its internal and external audiences.

Communication channels with internal and external audiences



Ombudsman

(GRI 2-16)

Responsible for receiving, analyzing and distributing to the respective areas all users' statements, so as to improve customer service and services provided and correct actions practiced by the Company that may be harmful to the public. Its role is to ensure agile and objective responses to the demands presented, and crucial concerns are forwarded to officers and to the Collegiate Executive Board. When serious, complex cases or cases involving more than one executive board are identified, the president is notified and decides on the best solution, together with other officers.

Ombudsman demands may be forwarded directly by the citizen to CDHU through CDHU Portal, by telephone, letter or in person. Every request forwarded is registered in an electronic system, classified according to its type (report, compliment, complaint, request for information, suggestion, others) and forwarded for analysis by the competent areas, whose responses are provided through the same channel. The legal deadline to respond to the citizen is 30 days, such term which may be extended for the same period. Through half-yearly activity Reports, relevant information on CDHU's performance is systematized, enabling identification of problems and challenges so as to improve service to citizens, whether or not they beneficiaries of housing programs.

The Ombudsman's half-yearly Reports are published on CDHU Portal.



Learn more: To consult the Ombudsman's Report, [click here](#).

The Ombudsman registered a total of 6,041 statements in 2022, of which 1,943 were reports, 2,611 complaints and 1,082 requests for information, in addition to 11 compliments, 33 suggestions and 361 related to other matters.

Being responsible for measuring the level of satisfaction with regard to service, CDHU's Ombudsman sends a survey to the user, who responds voluntarily. The questionnaire addresses the understanding of the citizen/user in relation to the difficulty in contacting the service, the quality of the service, the completion of the service and his/her satisfaction. Finally, there is a question about the importance of the Ombudsman in handling the statements within the Company and the possibility of using the service again, if necessary.



Public Defender's Office of the State of São Paulo/provision of services to other bodies.

Integrated Citizen Information System (SIC)

(GRI 2-16)

Statements may also be sent through the SIC, established in compliance with the Access to Information Law (Federal Law No. 12,527) and the State Decree that regulates it, No. 58,052, of May 16, 2012.

Through the SIC, 317 requests were registered, and the main topics addressed by users were: information on housing assistance, requests for copies of plans of the developments, financial information, requests for copies of processes, contracts, data on housing deliveries.



Learn more: To consult SIC reports, [click here](#).

Whistleblower Channel

(GRI 2-16)

The channel receives complaints regarding misconduct involving CDHU and its partners, in accordance with the specifications of the Code of Conduct and Integrity. Complaints received are automatically forwarded to the Ethics Committee.

In 2022, 3 cases were registered by the Whistleblower Channel, which were then duly investigated and closed within the scope of the Ethics Committee. An Activity Report is submitted to the Statutory Audit Committee on a quarterly basis detailing the registered statements.

In 2022, 2 Union Commissions were set up to investigate claims for compensation payments without contractual coverage required by 2 companies, referring to landscaping services performed in CDHU developments.

Customer service channels

(GRI 2-16)

CDHU's official customer service channels are: Alô CDHU Service Central, Regional units, service stations, Poupatempo (Single Counter, self-service kiosk, Online Portal, mobile APP and chatbot via WhatsApp), CDHU Online Portal, CDHU chat and chatbot, totaling 889,108 occurrences involving 164,304 contracts.

CDHU counts on the Customer Relationship Management (CRM) Dynamics system by Microsoft, which gathers data from other corporate systems of the Company. It is through this system that services and information to the customer are carried out and registered, allowing their traceability, that is, it identifies who provided the service, the information and service provided, the services most accessed by the population and several other data of interest to the Company, in addition to allowing keeping data about the population always up to date.

In addition to the channels presented, for communication with beneficiary families, CDHU's institutional website, accessible by tablet, computer and mobile, contains information of public interest, numerous services for customers, in addition to links to Poupatempo, SMS messaging and other features.

Official CDHU customer service channels monitored by the CRM system



CDHU Service Stations

In 2022, there was no demobilization of CDHU service stations, only a change of address of the Capital City/RMSP Service Station, from Vila Mariana to the downtown, in the city of São Paulo, a place more accessible to the population and also closer to CDHU headquarters. Bauru regional unit also became part of São Paulo Mais Perto Program, which concentrated in a single place several state administration services. Such changes brought gains for management as well as for customers.



Poupatempo

Poupatempo now offers more services and information, such as: i) reporting of irregular use and occupation of real property, which was previously carried out by the Ombudsman, the Regional Units and the Call Center; ii) requests for repairs of financed real property directly to the Construction Area; iii) request for floor plan of financed real properties (hydraulic, electrical, architectural and telephony cabling plans); iv) request for documents delivered in the qualification process or the financing agreement itself; and v) others, these services are digitally accessible through the website, totem, app and chatbot via WhatsApp.

In 2022, 79,181 occurrences were created, involving 21,307 contracts. (GRI 2-16) This number has been growing as services have been implemented, with Poupatempo becoming CDHU's official service channel.



Online CDHU Portal

CDHU Online Portal was launched in 2022, being accessible through CDHU website. One of the innovative services implemented this year is the commercial qualification process, which requires the customer to attach documents for the purpose of analyzing the granting of real estate credit. Thanks to the online procedure, the citizen no longer needs to go anywhere to carry out this stage of service; it also speeds up the process.



Alô CDHU – 0800 000 2348

In fiscal year 2022, a new public tender was carried out to contract a call center service, integrated with the collection service, with management being transferred to the Administrative and Financial Executive Board. The provision of services via WhatsApp was made possible through the Service Central, ensuring security and easy communication to the citizens, all integrated with the CRM.

All services implemented in Poupatempo are connected to the CRM, with a record of all operations carried out through these channels, making it easy to identify fraud that may be reported.

Risk management

(GRI 2-12, GRI 2-25 | SDG 16)

Risk management is an integral and fundamental part of the Company's business activities, contributing to the sustainable development of its strategic objectives and supporting the business areas in achieving their results.

CDHU follows the 3-line defense model, namely:

- The 1st line of defense is exercised by the organizational units linked to the executive boards, through their internal controls;

- the 2nd line of defense is established by the Compliance, Risk Management and Internal Control Superintendence, generating control measures on an independent basis; and
- the 3rd line of defense is exercised by the Internal Audit, by verifying the adequacy of the internal processes.

All work is monitored by the Statutory Audit Committee and presented to the Collegiate Executive Board and to the Board of Directors.



The purpose of the risk management is to identify events that could compromise the Company's strategies in achieving its business objectives, as well as indications for managing these occurrences, in order to contribute to the alignment with risk appetite guidelines. All work performed in such regard is monitored by the Statutory Audit Committee and presented to the Collegiate Executive Board and to the Board of Directors.

The Company's risk management policies and procedures support the understanding of externalities and contribute to building a business strategy with greater efficiency and responsibility.

In 2022, CDHU hired a company to provide specialized professional technical consulting services to review processes, with the aim of providing for preventive actions by the internal audit, comprising the following activities

as established by Law No. 13,303/2016:

- Analysis and updating of the risk matrix;
- assessment of internal controls;
- compliance;
- audit and review of critical processes; and
- fraud prevention and detection.

The contract executed on August 25, 2022 had its Service Commencement Order issued on September 19, 2022, with a term of 36 months. (GRI 2-25)

Integrity Program

In line with the determinations provided for by Law No. 13,303/2016, in State Decree No. 62,349/2016, in its Bylaws and in view of its commitment to transparency, ethics and good corporate governance practices, CDHU prepared and disclosed, in 2022, its Integrity Program.

The Integrity Program, prepared considering the guidelines issued by the Federal Government General Comptroller's Office, which are intended to guide state-owned companies, brings together the instruments used in preventing, detecting and fighting corruption, in order to prevent the involvement of the Company, employees, managers and third parties in harmful acts against the Public Administration, under the terms of Law No. 12,846/2013 and Federal Decree No. 11,129, from July 11, 2022, as well as abiding by the principles and standards set out in the CDHU's Code of Conduct and Integrity.

Control rules and instruments

Policies, regulations, instruments, and other documents relating to integrity are available on CDHU's [website](#), to wit:

- Bylaws;
- Code of Conduct and Integrity;
- Internal Rules of the Board of Directors;
- Internal Rules of the Fiscal Board;
- Internal Rules of the Statutory Audit Committee;
- Internal Rules of the Internal Audit;
- Internal Rules of Bidding Processes and Contracts;
- Spokespersons Policy;
- Information Disclosure Policy;
- Dividends Payment Policy;
- Privacy and Personal Data Protection Policy;
- Policy for Related Parties Transactions;
- Whistleblower Channel; and
- Integrity Program.

Fight against corruption

(GRI 3-3 Fight against corruption,
GRI 205-1 | SDG 16)

By using bidding processes for housing services, CDHU is responsible for inspecting and evaluating the measurements of contracted works and services. All public tenders and contracting operations are inspected by external control bodies – the State Court of Auditors (TCE), the Treasury Department Audit and External Audit – in addition to the Internal Audit Area, which is being implemented and reports to the Statutory Audit Committee. (GRI 2-5)

In this sense, when there are questions regarding irregularities in any of the phases of the public tender and/or contracting process, these are forwarded to CDHU, which, in turn, duly investigates the facts, as established in the Rule of Procedure (NP) – Answering Questions from the State Court of Accounting.

According to the aforementioned NP, the verification may be carried out by the Legal Area, by the Preliminary Investigation Committee, by the Inquiry Committee or by the Disciplinary Administrative Process Committee, and in all phases the progress of the work is monitored by the Superintendence of Compliance, Risk Management and Internal Control.

Depending on the outcome of the verification process and the TCE guidelines, CDHU may include improvements in its operational processes. However, if there are losses to the treasury and/or functional liability, the Company also takes the necessary corrective measures. Cases of possible corruption resulting from investigations by the Public Prosecutor's Office or even from lawsuits filed against the Company are also received. During the period, there was no record of any file received by the Company on such matters.

The topic is managed through implementation of internal regulations, such as the Code of Ethics and Integrity, which defines the Company's internal policy.

In 2022, CDHU sent communications on anti-corruption policies and procedures to 100% of its workforce, including senior management, and trained 78.46% of this total. (GRI 205-2 | SDG 16)



Itapuí – Draw of units.



Bauru – Delivery of Vida Longa Program.

Governance members and employees who received communication about anti-corruption policies and practices – 2022 (GRI 205-2)

Governance members

Number of governance members who received communication	12
Percentage of governance members who received communication	100%

Employees per region

Southeast Total number of employees who received communication	390
Southeast Percentage of employees who received communication	100%

Employees per functional category

Executive Boards Total number of officers who received communication	5
Executive Boards Percentage of officers who received communication	100%
Superintendencies Total number of superintendents who received communication	20
Superintendencies Percentage of superintendents who received communication	100%
Managements Total number of managers who received communication	76
Managements Percentage of managers who received communication	100%
Leaders Total number of supervisors who received communication	77
Leaders Percentage of supervisors who received communication	100%
Technicians Total number of administrative agents who received communication	212
Technicians Percentage of administrative agents who received communication	100%

Total number of employees to whom anti-corruption policies and practices were communicated

390

Governance members and employees trained in the anti-corruption policies and practices – 2022 (GRI 205-2)

Governance members

Number of governance members who received training	12
Percentage of governance members who received training	100%

Employees per region

Southeast Total number of employees who received training	306
Southeast Percentage of employees who received training	78.46%

Employees per functional category

Executive Boards Total number of officers who received training	3
Executive Boards Percentage of officers who received training	60%
Superintendencies Total number of superintendents who received training	14
Superintendencies Percentage of superintendents who received training	70%
Managements Total number of managers who received training	55
Managements Percentage of managers who received training	72.37%
Leaders Total number of supervisors who received training	66
Leaders Percentage of supervisors who received training	85.71%
Technicians Total number of administrative agents who received training	168
Technicians Percentage of administrative agents who received training	79.25%

Total number of employees trained in the anti-corruption policies and practices

306

In 2022, no cases of corruption were registered. (GRI 205-3 | SDG 16)

Finally, in 2022, the Company received a total of 31 notices for violation of ordinances, all due to deficient conservation of spaces and properties it owns or for which it is responsible. These violation notices were sent by different municipal governments of the State of São Paulo.

Also in 2022, CDHU received 10 notices of violation from the Ministry of Labor, resulting from various violations of legal

rules relating to the control and number of working hours. Defenses were presented upon all records in October 2022, and so far they have not been appreciated. (GRI 2-27)

- Amount of fines received: R\$2,108,450.48;
- amount of fines paid: R\$0; and
- number of non-monetary sanctions received (Qty.): 0.



Social impact on the Company

- 64 ▲ Personnel management
- 64 ▲ Political contributions
- 64 ▲ New hires and turnover
- 65 ▲ Employees
- 67 ▲ Labor relations
- 71 ▲ Occupational health and safety
- 74 ▲ Property safety
- 74 ▲ Diversity and inclusion
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- 77 ▲ Participation in representative entities of society
- 78 ▲ Social assessment of suppliers
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- 83 ▲ Customer privacy

Social impact on the Company

Personnel management

(GRI 3-3 Labor, GRI 3-3 Non-discrimination | SDG 3, SDG 5, SDG 8 and SDG 10)

All activities and actions carried out by the Personnel Management Area do not generate negative impacts, as it is a support activity area, acting directly in the activities resulting from the contractual labor relationship between CDHU and its employees, that is, without direct action in the Company's core activity.

On the contrary, as it operates on issues related to compensation, management and provision of benefits, as well as direct action in the provision of care and psychosocial follow-up, health, well-being and occupational safety, it seeks to generate positive impacts in the areas of quality of work, life, relationships and the organizational climate of employees.

All people management actions reported through the indicators in this Report are in consonance and alignment with the current legislation on each topic, such as CLT, Federal Constitution, General Data Protection Law (LGPD), regulations of the Ministry of Health and Labor, Social Security, National Health Agency, Collective Bargaining Agreements, etc.

Political contributions

(GRI 3-3 Political contributions | SDG 16)

As a government-controlled company, CDHU cannot make donations to political parties and candidates, as expressed in item II of article 24 of the Electoral Law: Federal Law No. 9,504, of September 30, 1997. (GRI 415-1 | SDG 16)

New hires and turnover

(GRI 401-1 | SDG 5, SDG 8 and SDG 10)

During the 2022 financial year, there was a total admission of 7 employees, 4 male and 3 female. People hired ranged from 30 to 50 years old (4 positions), with 2 positions being male and 2 positions being female. In the age group above 50 years old, 3 employees were hired, 2 male and 1 female. Admissions took place only to fill discretionary positions, since effective employees are only hired through public tenders, which has not occurred since 2002, and does not correspond to the replacement of staff.

In the same fiscal year of 2022, 20 employees were dismissed, of which 13 were public servants and 7 were employees on discretionary positions. Thus, it can be seen that the 13 vacated positions correspond to the effective reduction of the Company's staff without the corresponding replacement. Of these 20 dismissed positions, 7 are female, with 2 dismissals in the 30-50 age range and 5 over 50 years old. The 13 dismissals correspond to male employees, 4 in the 30 to 50 age range and 9 in the over 50 age range. All admissions and dismissals took place in the same region, that is, in the State of São Paulo.

It is worth noting that admissions and dismissals are defined by the senior governance.

Number of hires and dismissals (GRI 401-1)

	2022		2021		2020	
Per gender	Hired	Dismissed	Hired	Dismissed	Hired	Dismissed
Men	4	13	3	91	1	8
Women	3	7	1	60	2	6
Total	7	20	4	151	3	14
Per age group						
Less than 30 years old	0	0	0	0	0	0
From 30 to 50 years old	4	6	0	0	1	1
More than 50 years old	3	14	4	151	2	13
Total	7	20	4	151	3	14

Source: People Management Superintendence.

Hiring and turnover rates (GRI 401-1)

	2022		2021		2020	
Per gender	Rate Hiring	Rate Turnover	Rate Hiring	Rate Turnover	Rate Hiring	Rate Turnover
Men	1.0%	2.2%	0.8%	11.8%	0.2%	0.8%
Women	0.8%	1.3%	0.3%	7.7%	0.6%	0.8%
Total	1.8%	3.5%	1.0%	19.5%	0.6%	1.6%
Per age group						
Less than 30 years old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
From 30 to 50 years old	1.0%	1.3%	0.0%	0.0%	0.2%	0.2%
More than 50 years old	0.8%	2.2%	1.0%	19.5%	0.4%	1.4%
Total	1.8%	3.5%	1.0%	19.5%	0.6%	1.6%

Source: People Management Superintendence.

Employees

(GRI 2-7, GRI 2-8, | SDG 8 and SDG 10)

In 2022, CDHU's permanent staff totaled 390 positions, with 387 employees working full hours and 3 (1 woman and 2 men) working less than 8 hours a day. CDHU's activities are restricted to the

State of São Paulo, in the Southeast region of the country, with 11 regional centers distributed in the countryside.

Compared to the previous cycle, in 2022 there was a reduction of only 8 employees. The hiring of permanent employees takes place exclusively through public

tender, which has not occurred since 2002, resulting in a sharp and constant loss of 65% of the workforce since then. Furthermore, there is the fact that the current average age group is 58 years old, with 42% of employees aged 60 or over. No new public tender is expected. (GRI 2-7 | SDG 8 and SDG 10)

The current scenario is one of risk in maintaining the Company's functional and competence structures, with the following consequences already present: overload of activities for the remaining employees, lack of retention of functional competences, risk of loss of main competences, absence of a process of succession, accumulation of responsibility for managers, productivity drop, loss of organizational culture

Company's staff (GRI 2-7)

	2022		2021		2020	
Per employment contract	Men	Women	Men	Women	Men	Women
Open-ended term	244	146	247	149	337	208
Predefined term	0	0	0	0	0	0
Total	244	146	247	149	337	208
Per type of employment						
Full time	242	145	247	149	335	205
Part time	2	1	0	0	2	3
Total	244	146	247	149	337	208
	390		396		545	
Other professionals in the Company's workforce	Men	Women	Men	Women	Men	Women
Interns and apprentices	55		44		160	

Source: People Management Superintendence.

and identity, high cost of medical care benefits, hierarchical levels without a subordinate team, high levels of stress, psychosocial problems, among others.

CDHU hires consulting and technical and social management companies, as well as surveillance over performance of developments to support its activities, such activities being carried out through the issuance of specific service orders and resulting in defined products.

Part of the Company's activities are carried out by interns and apprentices, who are not employees; however, they are controlled by the management. In 2022, the Company had 55 workers in this category, an increase of 25% compared to 2021. (GRI 2-8 | SDG 8)

Labor relations

(GRI 3-3 Labor relations)

Compensation Policy (GRI 2-20)

The Compensation Policy at CDHU is defined by the Positions and Salaries Plan, approved by the Salary Policy Commission (CPS) and by the Governor of the State of São Paulo, and provides for the establishment of salary tables defined by salary ranges and steps, in accordance with each job group and definition of mid-level and higher-level jobs and careers. Salary amounts may undergo annual adjustments for inflation through the Collective Bargaining Agreement (ACT) between the Company and the union representatives of each category, noting that 100% of employees are covered by ACTs .

Admissions take place only through a public tender and always in entry-level positions and in the first salary range of each position, with the possibility of horizontal salary progression based on performance assessment and/or vertical promotion, when the employee assumes a position immediately higher in their career.

Employees are represented by several categories that participate in collective bargaining, among them the Union of Architects, of Engineers and the Union of Workers in Companies and Housing Cooperatives and Urban Development in the State of São Paulo

(SINCOHAB), which represents the prevalent category in the Company. A minimum wage is guaranteed for all categories. (GRI 2-30 | SDG 8)

There is no compensation policy for the Governance staff, since the compensation amounts are defined by Government instances (Department of Finance), based on the compensation of the Governor of the State of São Paulo.

Compensation is fixed, with no provision for additional compensation, bonuses and/or retirement benefits. The proportion of compensation of the Company's highest paid employee compared to other employees was 2.01 in 2022. (GRI 2-19)

CDHU compensates all employees according to their position, without any differentiation, it being understood that variations may exist as a result of salary progressions due to merits and/or designation for the performance of duties awarded with a bonus, considering that upon admission by civil-service examination, all admissions occur at the first level of the initial degree of each position/career, indistinctly.

The female gender corresponds to 37% of the total workforce. If we compare the compensation (salary) of women (146 positions) with that of men (244 positions), women received, in 2022, an average compensation in the amount of R\$10,253.38, surpassing the average for men, which was in the amount of R\$9,651.42, at a rate of 1.06.

Proportion of annual compensation (GRI 2-21)

	2022	2021
	Men	Women
Highest paid employee – Total annual	R\$325,904.41	R\$290,312.10
Other employees – Annual average	R\$161,594.95	R\$144,079.66
Proportion of total annual compensation	2.02	2.01
Highest compensated employee	1.12	
Other employees	1.12	
Proportion of percentage increase in total annual compensation of the Company's highest paid individual in relation to the average percentage increase in total annual compensation of all employees (excluding the highest paid individual)	1.0	

Source: People Management Superintendence.

Considering the sum of the compensations – salary + bonus due to the duties –, however, the average compensation assessed in the female workforce was in the amount of R\$12,867.42, and that of the male workforce was in the amount of R\$13,412.07. In this case, the ratio is inverted: women’s compensation corresponds to 96% of men’s. (GRI 405-2 | ODS 5, ODS 8, ODS 10, and ODS 13)

The average percentage increase is identical to the 2 cases since the last Report, as the highest paid individual is employed and has his compensation adjusted under the same terms as the others, corresponding to the adjusted increase rate in ACT.

Benefits

The benefits offered to employees are life insurance, medical and dental health plan, maternity/paternity leave, transportation vouchers, work-related illness/accident allowance supplement, funeral allowance, daycare allowance, meal allowance and food stamps. The last 2 are guaranteed to positions of interns and apprentices. All benefits are provided for in ACT. (GRI 401-2 | SDG 3, SDG 5 and SDG 8)

Maternity/paternity leave

(GRI 401-3 | SDG 5 and SDG 8)

The total number of employees entitled to take maternity/paternity leave is 390 employees, divided into 244 male and 146 female positions, comprising 100% of male and female employees. The total number of employees who took leave (maternity leave, in this case) was 1 employee, also corresponding to the number of resumption from leave (maternity leave) in year 2022.

The retention rate corresponds to 65%, considering that we had, in the last 12 months, resumption from 1 leave for paternity leave and 2 leaves for maternity leave, totaling 3 resumptions, however one (1) employee was dismissed in year 2022, noting that she held a discretionary position.

The very low number of occurrences of this type of leave at the Company is due to the high average age (58 years old) of the current staff.

The total number of CDHU employees in 2022 was 390, being 244 men and 146 women. There were 55 interns and apprentices

Maternity/paternity leave (GRI 401-3)

	2022		2021		2020 ¹
	Men	Women	Men	Women	
Number of employees eligible for leave	244	146	248	150	0
Number of employees who took leave in the period	1	2	1	1	0
Number of employees who resumed from leave in the period	1	2	1	1	0
Number of employees who remained in employment for at least 12 months after resuming from leave	1	1	1	1	0
Number of employees who did not remain in employment for at least 12 months after resuming from leave	0	1	0	0	0
Resumption Rate	100.0%	50.0%	100.0%	100.0%	0.0%
Retention Rate	100.0%	50.0%	100.0%	100.0%	0.0%

Source: People Management Superintendence.

¹ In 2020 there were no absences due to maternity/paternity leave.

Performance assessment

Managers are assessed based on the guidelines established in CODEC Resolution No. 4, of November 29, 2019, on a collegiate basis (collective) and with self-assessment of its members (individual). The assessment takes place once a year and is conducted internally by the Compliance Management and subsequently forwarded for compliance verification by the Eligibility and Advisory Committee (CPSEC).

After validation by the committee, the results are forwarded to the Government Department, to the Board for the Defense of State Capital Cities (CODEC) and

the Housing Department. Historically, all performance evaluations carried out in the governance body have met the Company's expectations. Thus, the aforementioned external control bodies, responsible for appointing administrators, have always maintained the composition of the collegiate bodies. (GRI 2-18)

Training Programs

CDHU provides training on an annual basis to update the training of the highest governance body on Law No. 13,303/2016 and its consequences, as well as on the Code of Conduct and Integrity and the LGPD. (GRI 2-17)

In terms of occupational health and safety training offered to workers, CDHU offers annual management training for the Internal Commission for Accident Prevention (CIPA) and annual training and/or refresher training for brigade members, aiming at full qualification for the prompt assistance in the event of a fire at the Company.

The topics covered vary from year to year, in order to bring greater coverage and adherence to behaviors/diseases/symptoms and prevention in evidence in society and internally, according to a possible increase in the frequency of cases identified in periodic exams.

Training takes place during working hours, free of charge, with no cost to participants. (GRI 403-5 | SDG 8)

Occupational health and safety

(GRI 3-3 Occupational health and safety)

Occupational health and safety management system

(GRI-403-1 | SDG 8)

CDHU has, under the supervision of the People Management Superintendence and the Recruitment, Development and Human Relations Management, the Center for Psychosocial Care, Occupational Health and Safety, which operates in the management of occupational health in the Company, using, to this end, information technology (IT) tools that assist in this management and control, being fully in line with legal

requirements regarding the processing and submission of mandatory information to the Ministry of Labor, with periodic updates in order to keep it in line with current laws.

The core has under its management the contract of a company specialized in the performance and legal certifications required by the Occupational Health and Safety Area, currently with 1 professional psychologist and 1 professional social worker, who provide psychosocial care in various cases that require action, as well as support to the occupational physician in carrying out periodic, dismissal, admission examinations, etc.

CDHU follows recognized standards and guidelines for risk management and/or management system in the Health and Safety Area, such as the Environmental Risk Prevention Program (PPRA) – NR 9, the Occupational Health Medical Control Program (PCMSO) – NR 7, the Risk Management Program (PGR). Currently, 100% of employees and 100% of interns are covered by the occupational health and safety management system, which comprises all of the Company's locations. (GRI 403-8 | SDG 8)

Due to the COVID-19 pandemic and in compliance with the ordinances and determinations of the Ministry of Health, in 2021 actions, adaptations and the elaboration of protocols were carried out in line with government guidelines based on state and municipal decrees, so as to guarantee sanitary conditions that

preserve, until today, the health and safety of employees carrying out face-to-face activities.

All employees established at CDHU's headquarters in the capital city, as well as those established in regional offices located in cities in the countryside of São Paulo, receive equal treatment by the Occupational Health, Safety and Medicine management system, in accordance with the current laws.

Participation and assessment of employees in the occupational health and safety management system is carried out through an open channel, with interaction with CIPA representatives, as well as direct interaction with the Center for Psychosocial Care, Safety and Occupational Medicine (SESMT). Periodically, this center publishes relevant information on health and safety at work for the Company's employees. Management is carried out through SESMT records and monitoring. (GRI 403-4 | SDG 8 and SDG 16)

Hazard identification, risk assessment and incident investigation

(GRI 403-2 | SDG 8)

In accordance with the current laws regulating this matter, CDHU performs the PPRA on an annual basis, which this year has been replaced by the PGR: tools for identifying and eliminating risks and unhealthy working environments, permeating all areas of the Company.

In addition to these programs there are the periodic inspections carried out jointly by the person responsible for Occupational Safety at CDHU and CIPA members, when the needs for adaptations and improvements related to the working environment are identified and then forwarded to the area responsible for eliminating and/or minimizing risks.

The only change that occurred in 2022 was the replacement of the PPRA with the PGR, in accordance with current laws.

Occupational health services

CDHU has implemented the PCMSO, through which it performs periodic medical examinations on all employees and interns and maintains effective control of occupational health conditions in the Company, carried out by a medical professional.

Medical follow-up reports are kept in proper files, in an environment exclusively accessed by the occupational physician and the SESMT manager, guaranteeing the secrecy and privacy of the data collected.

The data are used exclusively for monitoring and following up employees' health, without any deviation from the purpose. In addition to the medical control program, actions are carried out to clarify certain relevant topics on health, such as mental health, suicide prevention, breast cancer and prostate cancer prevention.

The Company also has a Code of Conduct and Integrity, through which it undertakes to ensure health and safety conditions for its employees. At any time, they can contact CIPA and/or SESMT in order to verify risk situations at the workplace, including situations related to COVID-19. They can also call the Fire Brigade, at Building Cidade I.

It is observed that the degree of risk in which CDHU is classified is degree 1, that is, the lowest classification degree. (GRI 403-3 | SDG 8)

CDHU business relationship does not pose significant risks to workers' health, as the Company's main activity is restricted to those carried out in an office environment. (GRI 403-7 | SDG 8)

In 2022, there were no deaths and/or absences due to occupational diseases, but cases of COVID-19 reached 289 Company employees, with no deaths in this period. (GRI 403-10 | SDG 3, SDG 8 and SDG 16)

Worker's health promotion

(GRI 403-6 | SDG 3)

CDHU maintains a nationwide health plan for its employees, officers and dependents, with a scope of preventive access and/or for several treatments, in accordance with broad coverage of hospital medical specialties and clinical laboratories.

In addition to the services available, access to the State Health Department's annual vaccination schedule is facilitated, especially in campaigns that require greater mobilization of the population, as well as guidance provided by the occupational physician and psychology and social service professionals from CDHU's SESMT, even in situations unrelated to the working environment, including family contexts.

CDHU carries out campaigns to raise awareness and prevent diseases on an annual basis, such as: prevention of breast cancer and prostate cancer, mental health campaigns, suicide prevention, etc.

Occupational Accidents (GRI 403-9 | SASB IF-HB-320a.1 | SDG 3, SDG 8 and SDG 16)

In 2022, CDHU registered only 5 occurrences of occupational accidents with mandatory notification, which resulted in absences totaling 25 days. There were no records of occupational accidents involving non-employees in a workplace controlled by the Company.

The main types of accidents reported in 2022 occurred during commuting or were related to furniture falls and loose floors. The measures taken to eliminate dangerousness and/or minimize risks are the constant inspections carried out by CIPA members and the Occupational Safety Technician, as well as immediate on-site verification in cases of reports of situations that could lead to accidents.

Secrecy in relation to any sensitive information of the worker is guaranteed by the Company's adherence to the LGPD, as well as by the limitation of access, which is exclusive to the occupational physician via electronic system with password; in addition, the physical medical record is kept in a separate file.

Property safety

(GRI 3-3 Safety practices
GRI 410-1 | SDG 16)

The Company hires outsourced property surveillance services for property security actions; such services act on a preventive basis to safeguard, prevent and discourage vandalism or invasion of its properties, that is plots of land, green areas, institutional areas and housing units, always with a view to the maximum protection so as to reduce equity losses.

It also hires outsourced property surveillance services as a preventive measure to assist in the condominium management services of Cidade I, II and IV buildings, located in Sé district, in the central region of the city of São Paulo.

The contracts created for the above-mentioned purpose provide job positions with 100% of professionals trained in a surveillance training course, who, according to the mandatory clause, must carry the National Security Guard Card (CNV - security guard functional document), mandatory for use in service, valid for 5 years and only issued if the security guard has an employment relationship with companies in the private security field.

Still regarding contractual obligations, which must be maintained during performance of the contracts, contractors must rigorously train their security guards every 12 months in human rights, use of force, politeness, discretion, appearance and tact in dealing with the public.

Diversity and inclusion

(GRI 3-3 Diversity and equal opportunities,
GRI 405-1 | SDG 5 and SDG 8)

CDHU's governance staff is predominantly composed of male managers aged over 50, with only 1 female member on the Board of Directors. CDHU's workforce is made up of 63% male employees, with 54% being over 50 years old. Female employees correspond to 39% of the workforce, with 31% being over 50 years old.

Regarding racial diversity, 6.15% of employees declared themselves to be Asian, 8.97% brown and 4.1% black.

With regard to people with disabilities (PCDs), there is a contingent of 19 employees; of these, only 3 are female. Considering the total number of PCDs, 26% occupy management-level positions, 26% are in administrative positions, 37% have a technical level and 11% work in the operational field.

Composition of the governance staff organized per functional category, according to gender, age group, minorities and other diversity indicators (GRI 405-1)

	< 30 years old (Qty.)	Percentage (%)	From 30 to 50 years old (Qty.)	Percentage (%)	> 50 years old (Qty.)	Percentage (%)
Male	-	-	3	25%	8	67%
Female	-	-	-	0.00%	1	8%

Composition of the workforce organized per functional category, according to gender, age group, minorities and other diversity indicators (GRI 405-1)

	< 30 years old (Qty.)	Percentage (%)	From 30 to 50 years old (Qty.)	Percentage (%)	> 50 years old (Qty.)	Percentage (%)
Male	-	-	35	9%	209	54%
Female	-	-	27	7%	119	31%

	Asian (Qty.)	Asian (%)	Brown (Qty.)	Brown (%)	Black (Qty.)	Black (%)
Racial diversity						
Managerial						
Male	4	1.03%	8	2.05%	3	0.77%
Female	1	0.26%	4	1.03%	2	0.51%
Administrative						
Male	1	0.26%	2	0.51%	-	-
Female	7	1.79%	3	0.77%	2	0.51%
Technician						
Male	6	1.54%	6	1.54%	6	1.54%
Female	5	1.28%	4	1.03%	1	0.26%
Operational						
Male	-	-	8	2.05%	2	0.51%
Female	-	-	-	-	-	-
Total						
Male	11	2.82%	24	6.15%	11	2.82%
Female	13	3.33%	11	2.82%	5	1.28%

Source: People Management Superintendence.

Minority or vulnerable groups – PCDs	Female		Male		Total	
	(Qty.)	(%)	(Qty.)	(%)	(Qty.)	Total (%)
Managerial	1	5%	4	21%	5	26%
Administrative	1	5%	4	21%	5	26%
Technician	1	5%	6	32%	7	37%
Operational	-	-	2	11%	2	11%

Source: People Management Superintendence.

Compensation equity indicators (GRI 405-1 | SDG 5 and SDG 8) 2022

Managerial	Percentage of employees	Average compensation (percentage)
Men	68%	51%
Women	32%	49%
Proportion (W/M)	100%	0.96
Administrative		
Men	49%	52%
Women	51%	48%
Proportion (W/M)	100%	0.92
Technician		
Men	57%	50%
Women	43%	50%
Proportion (W/M)	100%	1.00
Operational		
Men	100%	100%
Women	-	-
Proportion (W/M)	100%	-

Per gender	Number of employees	Percentage of employees	Average compensation (amount)	Average compensation (percentage)
Men	244	63%	R\$13,412.07	53%
Women	146	37%	R\$12,867.42	47%
Total	390	100%	R\$13,139.75	100%

Source: People Management Superintendence.

Child labor, forced labor or slave-like labor

(GRI 3-3 Child labor, forced labor or slave-like labor, GRI 408-1, GRI 409-1 | SDG 5, SDG 8 and SDG 16)

In the relationship with economic agents, CDHU, through contractual instruments, highlights the need to apply the preventive and corrective measures determined in the disciplinary regulations of safety and hygiene, in the requirements issued by CIPA, as well as in the provisions of the Law No. 6,514 /1977, in the Regulatory Rules on Occupational Safety and Medicine, approved by Ordinance No. 3,214 /1978 and its revisions, and specifically in NR 18 – Working Conditions and Environment in the Construction Industry.

The Company, through its managers, supervises the works, including with regard to the conditions of the construction sites and accommodation facilities, in order to verify any irregularities related to child labor and/or slave-like conditions.

In 2022, no risks or cases of child labor or slave-like conditions were identified in CDHU's supply chain.

However, the developments of a case of labor under slave-like conditions, occurred in 2019 and involving a contractor, unfolded into 2022. CDHU is respondent in the respective proceeding pending before the Labor Court. The Court entered judgment against the Company, but,

as there is still an appeal pending, the sanctions provided for were not applied.

In these situations, the corrective measures are judicial. It cannot be concluded, however, that there is a high risk of employment of slave-like labor in CDHU works. Considering the precautionary measures adopted by the Company and by the labor inspection itself, this is the only case verified so far.

Participation in representative entities of society

(GRI 2-28)

CDHU actively participates in councils, committees, groups and associations, through representations, promoting integration of housing and urban policies with other sectors. 57 participatory seats were identified, distributed in: 22 councils, 10 thematic chambers, 12 committees, 5 commissions, 3 WGs and 5 intersectoral and state entities. The senior governance participates directly in the State Housing Council (CEH) and in the Management Council of the São Paulo Social Interest Housing Fund (CGFPHIS).

In addition to these institutions, CDHU technicians participate in other forums as representatives of the Housing Department, such as: Environment and Sanitation, Public Policies on Human Rights, Social Assistance, Special Demands (Elderly, Disabled, Women Victims of Violence, Native Peoples, Children and Adolescents).



Casa Afro Brasil.

CDHU considers its participation in all associations to be strategic and has also participated as a signatory company of Rede Brasil for the Global Compact since 2015. Such adhesions are not mandatory, but are always encouraged by the Government of the State of São Paulo. (GRI 2-28)

Social assessment of suppliers

(GRI 3-3 Social assessment of suppliers, GRI 414-1 | SDG 5, SDG 8 and SDG 16)

All CDHU suppliers are contracted through public tenders, in accordance with Federal Law No. 13,303, of 2016, and Brazilian companies may participate, regardless of their location, with the obligation to abide by the clauses referring to human rights, environmental and social criteria practiced by the Company, as well as the quality criteria.

Thus, focusing on the best proposal, as provided for by law, aiming to achieve the public interest, the Company does not treat

differently and does not make any kind of restriction on the participation of suppliers in public tenders for the acquisition of goods and services. Depending on the contracted object, companies interested in participating in the public tender must submit certificates and technical collections that prove their technical competence for performance of the services.

In addition, public tenders for engineering works and services must observe the program for insertion of former prison inmates into the labor market (Pró-Egresso), set out in State Decree No. 55,126/2009.

CDHU's main suppliers are builders, construction management companies (management and inspection), land regularization companies and companies providing various services (social, commercial, events, etc.).

100% of contracts are inspected. We have no reports of suppliers identified as causing

actual or potential negative social impacts. (GRI 414-2 | SDG 5, SDG 8 and SDG 16)

The bidding procedures take into consideration the policy for integrity in transactions with stakeholders. Public tenders and contracts with suppliers governed by Law No. 13,303/2016 must comply with social and environmental rules (see article 32, item V) and be subject to the sanctions provided for in case of non-compliance. According to Chapter III of said law, contracts must be submitted to inspection by external and internal control bodies of the 3 instances of Government.

Health, safety and communication with customer

(GRI 3-3 Consumer health and safety, GRI 3-3 Marketing and labeling, GRI 416-1, GRI 416-2, GRI 417-1 | SDG 12 and SDG 16)

The main product offered by CDHU is housing production to reduce the housing deficit, and the housing promoted by the Company provides adequate safety and habitability for the low-income population without access to the formal real estate market, most of whom live in unhealthy conditions in precarious settlements and in crowded houses or buildings with serious structural issues.

¹ In Brazil, the Occupancy Permit (Habite-se) is the administrative act issued by the competent authority authorizing the beginning of the effective use of constructions or buildings intended for residential purpose. It is a document that proves that a development or property was built following the requirements (local laws, particularly the municipal Works Code) established by the municipal government for the approval of projects. The document is issued by the municipal government of the city where the development or property is located. While the beginning of the works is authorized by a construction license, Habite-se certifies its completion in accordance with the license initially granted. (Source: <https://pt.wikipedia.org/wiki/Habite-se>, consulted on December 14, 2022).

² AVCB is the document issued by the Fire Department of the Military Police of the State of São Paulo (CBPMESP) certifying that, during the inspection, the building had fire safety conditions. It is a set of integrated structural, technical and organizational measures to ensure to the building an optimal level of protection in the fire and panic safety segment, provided for by law and by the process, establishing a period of revalidation. (Source: <https://bombeiros.com.br/>, consulted on December 14, 2022).

Housing provision and recovery and reclassification actions aimed at overcoming these problems have positive implications for the population's health, reducing diseases caused by inadequacies such as rooms without external openings (risk of respiratory tract diseases), with improper water supply (risk of water-borne diseases), or with the absence of wall coverings, floors, and the presence of mold and humidity (favoring proliferation of insect vectors of diseases such as chagas disease, malaria, etc.).

The housing provision and recovery/renovation actions have positive effects on the health of the population assisted by CDHU

In order to ensure that the new house is delivered to the population in adequate conditions and to guarantee repair of any problems, the Company follows the following procedures:

100% of the housing developments are delivered with the appropriate Occupancy Permit (Habite-se)¹ and, when applicable, upon issuance of the Fire Department Inspection Certificate (AVCB)².

Mechanisms for cases of building non-compliance are provided for (GRI 416-2)

As established in Article No. 618 of the Brazilian Civil Code, responsibility for repairing physical damage to properties during the first 5 years of construction lies with contractor; after this period, it is considered that maintenance is the responsibility of the family/condominium.

The main complaints received by CDHU through service channels regarding product quality are infiltrations (383), leaks (232), cracks (247), loose floors and coverings (134), access to the suite (678), solar heater (92), out of a total of 3,064 records in year 2022, which represent 58% of the construction problems pointed out by the population.

A large volume of occurrences refers to requests for floor plans and projects, in a total of 469, which are not characterized as construction problems. Of the universe of problems pointed out, 26% are concentrated in units delivered to families up to 5 years, in a total of 791 records. The other incidents recorded are under the responsibility of residents, who must maintain the property to prevent it from reaching a situation that may compromise health and safety of the people who live in the house.

Although the temporal issue is relevant with regard to objective civil liability, the Works Area adopts the following procedure:

a) Inspection of housing units

If the house is less than 5 years old, the inspector carries out an inspection at the HU to detect problems and correspondent causes. If the house more than 5 years old, except for problems with cracks and retaining walls, the borrower will be instructed to carry out maintenance at his/her own expense.

When it comes to requests related to cracks and retaining walls, the inspector is instructed to assess the risks involved, causes and solutions.

In case of identification of risks, even if the property is not under warranty, CDHU may choose to carry out the necessary works to remedy the problem.

b) notification to municipal government or construction company

Upon receipt of the inspector's report, if a constructive defect or execution failure is found, we notify the municipal government or the construction company to make the necessary corrections, depending on the type of program.

c) completion of repairs

If the repairs were carried out, the construction company sends the signed completion term and the incident is closed in the CRM system.

After the period granted, and all possibilities for an administrative solution having been

exhausted, the case is sent to CDHU's legal department to file a lawsuit.

A novelty implemented in 2022 was the inclusion in Poupatempo of the repair request service for constructive problems, in which the family may request inspection directly through the Online Portal, mobile app, self-service kiosk and the request is addressed directly to the works team through the Microsoft Dynamics CRM.

In 2022, lawsuits were filed pointing to defects in construction or housing products supplied by CDHU, namely:

a) 3 public civil actions, aimed at correcting constructive defects in housing projects delivered in the past (Bananal A, Palmeira D'Oeste E and Parapuã F);

b) 9 lawsuits involving constructive vices of collective origin (common areas and/or set of units), 5 of which filed by condominiums against CDHU and 4 filed by CDHU against those responsible for carrying out the works (municipal governments, in the case of agreements and construction companies, in the case of direct hiring by the Company); and

c) 488 individual lawsuits (filed by borrowers) related to constructive defects linked to the housing units where they reside.

As to risks of physical damage to the property due to external causes: 100% of the units have property insurance for the duration of the financing, covering damages caused by:

- Fire, lightning or explosion;
- windstorm;
- total collapse;
- partial collapse, that is, destruction or collapse of walls, beams or other structural elements;
- threat of landslide, duly evidenced;
- roofing damage; and
- flooding, even if caused by rains.

With regard to CDHU's suppliers, in 100% of the contracts, the Service Commencement Order is only issued after the contractor presents an insurance policy referring to Cross Civil Liability Risk, including coverage against occupational accidents and several risks of physical accidents, declaration of good standing before the Ministry of Labor, which must state that the company does not employ children under 18 years of age in the night shift, for dangerous or unhealthy work, and does not employ children under 16 years of age, also declaring that it complies with the rules related to occupational health and safety. (GRI 417-1)

In addition, contractor must present the layout of the construction site, with verification of compliance with the precepts of NR 18 - Working Conditions and Environment in the Construction Industry, as well as the schedule of permanence of labor, of SESMT design and of Working Conditions and Environment in the Construction Industry Program (PCMAT), designed for works and services.

A CDHU does not maintain a permanent record for registration of those interested in housing assistance, and it is only possible when there is a project available in the municipality

In 2022, CDHU was not jointly and severally liable for negligence and recklessness committed by a company contracted to carry out services/works.

d) CDHU Real Property Owner's Manual (GRI 417-1)

100% of the developments delivered to users are accompanied by the Owner's Manual (houses and apartments) and the Landlord's Manual (for buildings in common areas), containing all relevant information on the building, prepared by the construction company, checked by the inspector and approved by CDHU Management of Works.

Application process

CDHU does not maintain a permanent record for registration of those interested in housing assistance, and it is only possible to register when there is a housing development in project phase or in the final stages of implementation in the municipality where the interested party lives or works.

The opening of registrations is announced through a public disclosure instrument for those interested in CDHU Housing Programs (Enrollment Notice), which shall contain the opening and closing dates, eligibility, hierarchy and selection criteria for specific beneficiaries of the Housing Program, the conditions for participation in the raffle, including legal quotas for elderly people, civil and military police, prison security agents and prison escort and surveillance agents, families with people with disabilities, in addition to any reservations for other groups (displacement of people residing in slums or in risk areas, etc.), the required documentation and, finally, the features of the housing products offered (letter of credit, housing units purchased or produced, urbanized lots or other, with location and main features).

The housing units implemented by CDHU, when intended for general demand, are allocated to final beneficiaries through a public raffle, regulated by Law No. 13,094, of June 24, 2008, which amended Law No. 10,310, of May 12, 1999, and, from then on,

the entire housing service to open demand and commercialization of its products is regulated in manuals of internal rules and procedures.

Beneficiaries selection and classification criteria are published on CDHU website, as well as in public notices issued. The lists of beneficiaries and substitutes are published on CDHU website.

Preparation and delivery of the common area's manual and the owner's manual to the resident, following the rules of ABNT No. 15,575, is the responsibility of the builder/developer and also complies with an internal rule of the Company.

Customer privacy

(GRI 3-3 Customer privacy, GRI 418 | SDG 16)

In 2022, several activities were carried out aimed at adapting CDHU to the LGPD (Law No. 13,709/2018), the Brazilian law that aims to regulate and ensure transparency in the treatment and use of data of individuals in any means. Among these activities, we highlight the following:

- Creation of a specific area for LGPD matters on the intranet (Portal) and on CDHU website, disclosed to all employees;
- provision of training for all employees;
- update of the LGPD clause in the invitations to bid;

- update of the LGPD clause in contracts with borrowers and beneficiaries;
- preparation and disclosure of CDHU's Privacy and Data Processing Policy, based on the policy disclosed by the State Government on December 30, 2021;
- beginning of the process for contracting a company to provide specialized advisory services for the preparation of a diagnosis regarding the processing of personal data carried out by CDHU, with the aim of adapting to the LGPD; and
- implementation of several measures to adjust the information systems.

In 2022, CDHU assessed a total of 1,766 complaints regarding breaches of customer privacy. Complaints filed by customers refer to attempts at fraud by letters and telephone contacts/via WhatsApp negotiating payment of false payment slips. Of the 1,766 customers who reported these incidents, 151 suffered financial losses as a result of making the payment. (GRI 418-1 | SDG 16)

CDHU requested the filing of a criminal report at the Police Station for Cyber Crimes, and the cases are currently under investigation. In November 2022, the Company received information that some criminals involved in these frauds had been arrested.

Despite the complaints mentioned in the item above, no invasion or hacking attempt was identified on CDHU network and/or systems. It is estimated that such privacy violations may have occurred due to functional negligence, although no evidence was found in this regard, noting that not even the police investigation reached any conclusion.

Furthermore, no data leaks, thefts or losses were identified in any of the Company's system environments. There was no need for restoration of backups that failed or caused data loss. Periodic backup and data retention activities remain in accordance with the defined policies.

With a view to increasing information security in system environments, efforts have been made to adopt new actions, in addition to those that had already been taken last year, some of which are already in progress and others foreseen in next year's budget:

- Hiring of a cybersecurity consultancy to identify vulnerabilities (Risk Analysis/Penetration Testing);
- preparation of information security Policy and Procedures establishing clear rules and standards to be followed by the area and by all employees;
- acquisition of solutions that support event monitoring, risk management and information protection (e.g., data lost prevention software [DLP]);
- training and continuous actions to raise employee awareness of information security in general, including information classification;
- hiring of a security-trained professional to work on the IT team and keep the area focused on the subject; and
- creation of safety indicators to monitor progress and status.



Bastos – Vida Longa Program.



Social impact on communities

- 88 ▲ Positive actions
- 94 ▲ Rights of the indigenous and *quilombola* people
- 99 ▲ Rights of people with disabilities and the elderly: affirmative action policy

Social impact on communities

(GRI 3-3 Local communities, GRI 413-1)

In general, all CDHU operations include some form of social work in different stages and dimensions of assistance to beneficiaries, before, during and after interventions and in the period of housing financing follow up, whenever necessary. For the execution of works, it should be noted that the Company has an executive board dedicated to social development actions (Executive Board for Housing Service).

As a public policy aimed at facing the housing needs of the low-income population, the housing policy has, in essence, a high social impact in promoting the living conditions of the beneficiary population, particularly vulnerable groups, with the main programmatic lines being the Housing Provision, Urban Recovery of Precarious Settlements, Housing and Urban Reclassification, and Land Regularization.

The positive social highlights in relation to the communities served can be grouped into 2 main axes:



Technical-Social Work – participates in the execution of all programs and actions and its main objectives is to promote community organization, local development and the strengthening of ties between residents and the different housing solutions offered; and



Inclusive Service Policy – the Company implements specific policies aimed at special groups, who demand more protection from the State to guarantee all their basic rights. This category includes indigenous populations, *quilombolas*, the elderly and people with disabilities.

Positive actions

Technical and social work in urban recovery projects

(GRI 413-1)

CDHU, in partnership with Instituto Mulheres do Imobiliário, with **Concreto Rosa Project** and support from the Municipal Government of Mogi das Cruzes, developed a project with the purpose of training and qualifying women heads of families in vulnerable situations to work in the civil construction sector, forming prepared and competent professionals, promoting quality services and generating income for the community itself.

Another outstanding action, carried out in partnership with **Instituto Gerando Falcões**, is **Favela Marte/Vila Itália project**, in São José do Rio Preto, whose general purpose is to develop a systemic and integrated initiative for the social transformation of vulnerable territories,



São José do Rio Preto – Favela Marte’s project.



São José do Rio Preto – Favela Marte under construction.

including the provision of decent housing for all families in the settlement, urban and socioeconomic development for residents. The action is organized on 3 structural pillars, with the following specific objectives:

1. Decent Housing and Urbanism: Its purpose is to carry out a set of integrated urban interventions for the restructuring of the territory, through a participatory community process, enabling adequate housing solutions for all families residing in the area through implementation of a housing development that will cover the construction of new houses, infrastructure, public and community facilities, as well as leisure and social areas.

It has been implemented through 5 programs or strategic actions:

- a) Execution of urban-housing works, with implementation of land subdivision with all infrastructure and execution of housing works;
- b) temporary housing solution for families during the period of execution of works;
- c) land regularization of the area and granting of ownership title of units for the residents, with acquisition through the State financing and subsidy policy;
- d) construction of Public Facility Praça da Cidadania, support for professional qualification actions of the Income Generation Pillar; and

e) construction of Community/Social Facility/Favela Aberta, support for actions in the Social and Digital Development Pillar.

- 2. Income Generation:** Its purpose is to develop programs and actions for professional training, support for employment and income, entrepreneurship and credit for the local population, with measures that encourage the breaking of the cycle of poverty in the short, medium and long term.
- 3. Social and Digital Development:** Its purpose is to promote human development and inclusion, focusing on insertion and access to services and opportunities and the strengthening of community ties, with measures that encourage the reduction of social and political deprivations resulting from the cycle of poverty.

The attributions of CDHU Social Area in the 1st phase were to carry out the listing of households and families, monitor the preparation of the Resettlement Plan and support the process of adherence of families to the process of removal to new houses.

Social-technical work (TTS) in territories and housing developments of social interest
(GRI 413-1)

In 2022, the pre-occupancy and post-occupancy TTS in CDHU social housing developments was deployed in 156 cities, which represents 24% of the total

number of municipalities in São Paulo, serving 31,473 families and 182 housing complexes. The work was divided into 3 sets of structured actions in business processes, characterized by the nature of the customer served, namely:

1. TTS in CDHU developments

The TTS in CDHU developments aims at establishing and keeping families in the new house by consolidating the residents' sense of belonging in the new space, which generates property valuation and the reduction of defaults, resulting in an increase in revenue for investment in new housing units.

For this, social actions are carried out in housing complexes built by CDHU and in the location where they are implemented, allowing the correct guidance of beneficiary families, both with regard to the use of housing units and community organization and access to services and public facilities. The methodology used in the development of the work promotes integration and familiarization of residents with the new territory, fostering knowledge of its surroundings, the services already offered and those that should be requested. It also encourages development of a support and collaboration network.

The strategy used in the implementation of social actions is anchored in the following lines of action:



The following summary table presents the results of CDHU's performance in 2022, in what refers to the work axes of Process 1 – pre-occupancy and post-occupation TTS in social interest developments promoted by CDHU.

The CDHU social technical work in developments takes place in 2 major axes – pre-occupancy and post-occupation

Pre- and post-occupancy TTS results in housing developments

Axis	Housing units	Families served	Summary of activities	Main activities
Social orientation	90	8,390	554 meetings/workshops/ actions developed 22 support activities developed	Installed condominiums 30
Condominium organization	17	8,441	815 meetings/workshops/ actions developed 150 support activities developed	
Condominium management	9	3,252	562 meetings/workshops/ actions developed 170 support activities developed	CNPJs obtained 36
Support to land regularization	5	3,064	90 meetings/workshops/ actions developed 36 support activities developed	Meetings held 82
Projetos especiais	6	1,957	64 meetings/workshops/ actions developed 11 support activities developed	Qualification of management body 242
Total	127	25,104		

Note: Position on December 31, 2022.

Source: Superintendence of Social Development in Housing Projects.

2. Provision of TTS services in developments covered by agreements or contracts

The provision of TTS execution services in developments serviced through agreements or contracts established between CDHU and governments and/or municipal, state, federal and multilateral agencies aims

at the preparation and/or execution of pre-occupancy and/or post-occupancy TTS plans and projects aimed at families assisted in Social Interest Housing (HIS) developments. The operation generates exclusive deliveries, and the operational guidelines of the TTS are defined together with the contracted entities or contractors.

In this working process, during 2022, operations aimed at providing TTS services to municipalities and public companies and municipal and state bodies stand out, in which CDHU, due to its expertise in social action, provided innovative methodologies and efficient strategies in the development of the work, organized participatory diagnoses and articulated actions that brought families closer to entities and municipal policies.

Results achieved

The summary table below presents the results of CDHU's performance in 2022, referring to the working axes of Process 2 - Provision of pre-occupancy and/or post-occupancy TTS execution services in developments serviced by means of agreements or contracts.

Results of pre- and post-occupancy technical-social work in housing developments serviced through agreements or contracts – Provision of Services

Agreement	Housing units	Families served	Main activities developed
Minha Casa Minha Vida Program	53	4,725	1,385 meetings/workshops/actions developed
COHAB Santista	1	1,120	400 meetings/workshops/actions developed 17 support activities developed
PM Itaquaquecetuba – Altos do Pinheirinho	1	1,120	
PM Itaquaquecetuba – Lebani	1	840	-
Total	1	612	

Note: Position on December 31, 2022.

Source: Superintendence of Social Development in Housing Projects.

The technical social work in developments of social interest aims at the fixation and permanence of the families in the new housing

3. Prospecting, attracting and managing partnerships

This process refers to prospecting, attracting and managing partnerships for the development of social work, through planning and implementation of short, medium and long-term joint actions with other institutions and public or private associations, focused on improving the quality of life and social well-being of the beneficiary population. In 2022, the following partnerships were prospected and/or executed:

- **New partnership with the Municipality of Peruíbe** – contract signed with the Municipality of Peruíbe in 2022, awaiting issuance of the Service Order, for the provision of specialized technical advisory services, preparation and execution of TTS in Estância Santa Izabel Housing Complex;
- **prospecting for new partnerships** – with COHAB Santista and with the Municipality of Santos.

From January to December 2022, the amount of R\$128,336,283.00 was invested in social service/development actions, with the following scope:

1. TTS directly with families: i) in the Work axis, ii) contracts and agreements with public bodies and multilateral partners, iii) socio-environmental recovery projects, iv) Urban Reclassification and Land Regularization Programs, v) Viver Melhor Program and vi) support in the

prospection of properties for service in the Individual Letter of Credit Program;

2. provisional and emergency housing assistance; and
3. settlement of contracts and occupation of housing units sold by CDHU, which comprises the following products: i) financial settlement; ii) transfer, iii) conversion, iv) remarketing, v) diagnosis of use and occupation of the units, vi) execution of guarantee by fiduciary sale, vii) hearings in the Judicial Centers for Conflict Resolution and Citizenship (CEJUSC) and others.

All activities resulted in around 300,000 families/assurances in year 2022.

Rights of the indigenous and quilombola people

(GRI 3-3 Rights of the indigenous, GRI 411-1 | SDG 12 and SDG 16)

The Indigenous Housing Program was developed to offer better living conditions to the indigenous population assisted by the National Indian Foundation (FUNAI), who live in villages located in Indigenous Lands in the State of São Paulo. This program promotes housing solutions suited to the origin, culture and customs of each ethnic group. The new houses are specially designed by the Company, respecting the uses and cultural habits of the indigenous villagers. It is worth mentioning that the architectural project was developed especially by CDHU with the participation of indigenous leaders and FUNAI.



Bertioga – Rio Silveira Village, delivery of the units.



Bertioga – Rio Silveira Village.

The houses provided for the Guarani ethnic group delivered in 2022 have an oval shape, typical of their culture, which relate to the houses of prayer existing in these communities. The houses were built with raised wooden floors, structured by concrete bollards, a solution that enabled the implantation in a floodplain, in addition to contributing to the thermal comfort of the residences thanks to the exchange of heat through the circulation of air that occurs below the buildings. Another characteristic is the lower chimney, which, at the request of the indigenous people, was installed in this way so that the smoke could enter the dwelling, an indigenous custom to scare away insects.

In 2022, no case of violation of the Rights of Indigenous Peoples was registered under the Indigenous Housing Program. On the contrary, CDHU has a compensatory policy developed since 2002 for the implantation of houses in the Indigenous Lands of the State of São Paulo, thus contributing to the fulfillment of the basic rights that protect the integrity of this population. (GRI 411-1 | SDG 2)

The Indigenous Housing Program has already replaced 612 precarious dwellings with new housing units, distributed in 16 indigenous villages.

In 2022, 30 houses were produced in Rio Silveira village, in Bertioga, and 15 in Vanuire village, in Arco-Íris.

The development schedule includes 5 projects, totaling 328 housing units. Of these, a

first stage with 160 was authorized under Agreement No. 0068/2022, signed on July 1st, 2022, between CDHU and the Housing Department/Casa Paulista – Urban Development Program, for the transfer of financial resources for promotion of housing assistance in the indigenous centers listed below:

- **Bertioga** – Bertioga E/Rio Silveira development– 30 HUs;
- **Eldorado** – Eldorado I/Takuari Village development – 30 HUs;
- **Mongaguá** – Mongaguá E2/ Aguapeú development – 10 HUs;
- **Peruíbe** – Peruíbe M/Piaçaguera development – 30 HUs;
- **Municipality of São Paulo** – Parelheiros B/Krucutu development – 30 HUs; and
- **Tapiraí** – TapiraíE/Tekoa Gwyra Pepo development – 30 HUs.

The indigenous reality reflects the history of years of exclusion and violence, which today translates into particular conditions of vulnerability and risk. For this reason, all actions in indigenous areas are carried out in such a way as to ensure the protection of compliance with the basic rights that safeguard the integrity of this population. For instance: the building works in Indigenous Lands can cause environmental and socio-cultural impacts, which must be mitigated by adopting an approach and procedures based on dialogue and intercultural respect.

In this sense, CDHU prioritizes the following guidelines in its relationship with indigenous peoples.

Dialogue between indigenous leaders, FUNAI, CDHU and the company contracted to carry out the works must be permanent so as to avoid and mitigate the impacts that the works bring to the villages

- Any action must start with a meeting in the Indigenous Land with the indigenous leadership and FUNAI to plan the actions, explaining to the indigenous people all the stages of the development;
- some events in the indigenous cosmology may have an impact on the construction schedules. Indigenous cosmology seeks explanations for the origins of the universe, life and nature as a whole. Astronomy and the observation of the stars can have an impact on their

social organization and daily conduct. There may be interruptions in access to the Indigenous Land and in the execution of works at specific times;

- the impacts of a development on territories, population and cultural assets in indigenous areas must be limited. For this end, workers must be sheltered in a place outside the Indigenous Territory and its villages, and standards of coexistence must be established at the construction sites, respecting cultural diversity. The works are carried out with a small number of workers and low-impact machinery, without access of heavy equipment. For the civil works of the houses, a construction site is installed outside the perimeter of the villages; and
- dialogue between indigenous leaders, FUNAI, CDHU and the company contracted to carry out the works must be permanent so as to avoid and mitigate the impacts that the works bring to the villages. Information and negotiation are of essence for establishing a good relationship with the indigenous communities, so as to overcome the technical limitations inherent in building works in Indigenous Lands.

The Quilombola Housing Program was created in 2004, within the scope of a compensatory policy, and aims to improve the housing situation of *quilombola* communities in the State of São Paulo, with implementation of houses exclusively for residents in areas/communities recognized by ITESP, on lands holding land titles.

With the enactment of the 1988 Federal Constitution, article No. 68 of the Temporary Constitutional Provisions Act (ADCT) established the right to property in traditional territories belonging to *quilombola* communities: “To the remnants of quilombo communities that are occupying their lands, definitive ownership is hereby recognized, and the State must issue the respective titles”. The program foresees, as a service solution, the replacement of existing houses with new housing units, on a non-refundable basis, adapted to the uses and cultural habits of the *quilombola* communities, through a special typology developed by CDHU with the participation of the communities.

The program is a partnership between CDHU/ Housing Department and ITESP, and implemented with the consent of the local municipal governments with state resources, at no cost to the beneficiary families.

Quilombola Housing: number of houses per municipality and communities served

Technical situation	Development	Community	City	HUs	Delivery date
Delivered	Eldorado F	Pedro Cubas	Eldorado	40	09/12/2008
	Eldorado G	São Pedro	Eldorado	39	09/12/2008
	Iporanga B	Maria Rosa	Iporanga	20	09/12/2008
	Iporanga C	Pilões	Iporanga	51	09/12/2008
	Eldorado H	Galvão	Eldorado	41	08/01/2014
	Subtotal			191	
Under production	Eldorado L	Ivaporunduva	Eldorado	110	In progress
Total				301	

Source: Management of Programs for Specific Demands, 2022.

In São Paulo, there are 36 communities recognized by ITESP, which is the entity responsible for the identification and recognition of remaining *quilombola* communities and for the ownership of state public areas occupied by them. Of these, only 6 communities have title to the area, and 5 have already received housing developments implemented in partnership with municipal governments, which, in turn, complement the implementation of infrastructure. The development for Ivaporunduva community is in the project development stage and will be implemented in phases; the works of the 80 units of the 1st phase should start in 2023.

These communities are concentrated in Vale do Ribeira, Sorocaba and in the Costal Line and are home to around 1,400 families.



Vida Longa Program – Bastos.

Rights of people with disabilities and the elderly: affirmative action policy

The priority target group of the Housing Policy of the State of São Paulo are families with income between 1 and 5 minimum wages, and the policy may also serve families between 5 and 10 minimum wages, provided that this service does not exceed 20% of the State resources applied to assistance for families, pursuant to Law No. 12,801/2008. However, 95% of the population served by the State is concentrated in the range of 1 to 3 minimum wages, among which are families with people with disabilities and the elderly.

The federal statutes for people with disabilities and the elderly establish that all housing developments produced with public funds must reserve 3% of houses for these groups. The State of São Paulo increased this percentage, adopting a

quota of 7% for families with people with disabilities and 5% for the elderly. In 2022, 183 families with people with disabilities and 216 families with elderly people were provided with housing units.

CDHU also adopts the broad concept of family, that is, there are no limitations on the number of people in the family – it even serves single individuals, within a limit of 3% of the properties offered –, nor is there discrimination as to race, sex, creed, social or economic status.

Vida Longa Program complements and significantly expands the protection policies for the elderly, in addition to strengthening municipal governments to face the process of population aging and the impacts that this entails on social assistance services. In the last 4 years (2019–2022), approximately R\$146 million were invested in the production of 856 houses for elderly people eligible for the program, covering 33 municipalities.

Actions in an adverse context

CDHU faces adverse and complex situations, such as the filing of reintegration of possession actions in view of irregular occupations in areas of its property intended for the execution of housing programs.

The following situations motivate possessory actions:

- Recent occupations in remaining areas intended for housing developments and/or remaining areas in already completed developments, which must be vacated with a court order, not justifying their permanence; and
- already consolidated occupations: in this case, CDHU acts through the technical and legal departments, proposing solutions in accordance with the social interest housing policy, whenever possible and feasible. In addition to urbanization and urban and housing recovery actions, it has also been adopting both social interest land regularization (Reurb -S) as the Land Legitimation, in accordance with Federal Law No. 13,465/2017.

One of the consequences of these irregular occupations that stands out is the environmental predation caused by occupation of protected areas and those reserved to comply with law as to community facilities, and the escalation of violence in occupations.

As already mentioned, possessory actions with a writ of reintegration of possession in the execution phase involve coercive repossession through collective invasions and imply mobilization of a large contingent of professionals to act in the diligences, in addition to generating crowds in public spaces.


Reintegration of possession actions expose the difficult reconciliation of the situation of families targeted for reintegration and the rights of those to whom these areas had already been allocated. CDHU acts in the interest of the community, and, in this sense, access to housing is primarily for those families that are registered in the housing programs and who have been waiting for years to be contemplated, complying with the rules and fulfilling the necessary requirements, or those who are waiting for assistance, due to the risky condition of their house, among other issues that imply involuntary displacement.

To prevent and mitigate occasional excessive reactions in such situations, the Company establishes dialogue as a good practice to seek a peaceful solution to the conflict, guiding property security inspectors and the property surveillance technical team. With this, it aims at the constitutional guarantee of dignity of the human person, respecting judicial decisions and preserving the physical integrity of all.

In view of the pandemic scenario and considering that public health is the most important asset to be protected, in 2020,

the Court of Justice considered it prudent to wait for a safer moment to comply with court orders, since this situation could contradict the social distancing measures and expose the population to the contagion and spread of COVID-19.

In 2021, with the worsening of the pandemic and the current situation in the country in relation to the outbreak of the H3N2 variant, the Judiciary Branch, following the recommendation of the World Health Organization, extended the validity of the preliminary decision of the Federal Supreme Court (STF) taken within the scope of the appeal of the Argument of Non-compliance with a Fundamental



CDHU faces adverse and complex situations, such as the reintegration of possession actions in view of irregular occupations in areas of its property

Precept No. 828 until March 31, 2022. As a result, eviction orders were suspended, considering that the preventive measures to combat outbreaks are in force.

Such preliminary decision granted by the STF was extended until October 31, 2022, when it was determined the adoption of a transitional regime for the resumption of execution of suspended reintegration decisions in this action, so that the act of expropriation could be carried out in the least traumatic way possible. Under this regime, a previous step is necessary to define a strategy to be adopted in each case, defined in land dispute commissions instated in the Courts of Justice, ensuring that communities are heard and that housing distribution is enabled.

Thus, it will be necessary to await information about the procedure to be adopted by the judges of the cases, to be given by the Court of Justice, which is why CDHU complied with only one writ of reintegration of possession in 2022 and awaits a decision regarding compliance with the others.

Thus, in addition to the 23 writs of reintegration of possession with suspended court orders, in 2022 a writ of reintegration of possession was served, more precisely against the occupants of SP/Guaianazes A13 development, and another 2 possessory actions were filed against collective occupations in CH Brotas E – Housing Units and SP/Tucuruvi B – Green Area developments.

9



Economic and operational performance

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Economic and operational performance

(GRI 3-3 Performance economic)

As a state government-controlled company, CDHU's multi-year planning and annual budget are regulated by the laws of the State of São Paulo.

Its main sources of funds are the contribution of funds from the State Treasury, carried out in the form of subscription of Company's shares, and its own funds, mostly resulting from the management of the financing portfolio¹ for beneficiaries of housing assistance. In addition, CDHU receives funds from other public administration bodies and entities (including the Housing Department), through partnership agreements and/or contracts for the provision of services.

As to partnerships, these also involve federal bodies and multilateral agencies such as the Inter-American Development Bank (IDB) and the World Bank, in actions to raise costly or non-costly resources to support the development of housing assistance actions.

At the local level, CDHU has important partnerships with municipalities, ranging from the donation of land for the composition of resources and inputs necessary to make housing services viable, to other actions such as contracting of works, regularization and others.(GRI 2-6)

On December 31, 2022, the Company's capital stock was of R\$17,155,349,484.73, as demonstrated below:

CDHU: composition of the capital stock

	In R\$	%	In shares
Treasury of the State of São Paulo	R\$17,155,349,452.81	99.999999814	22,794,143,082
Companhia Ambiental do Estado de São Paulo (CETESB)	R\$15.96	0.000000093	21
Desenvolvimento Rodoviário S/A (DERSA)	R\$7.60	0.000000040	10
CDHU (treasury shares)	R\$8.36	0.000000053	11
Total	R\$17,155,349,484.73	100.00	22,794,143.124

Source: Finance Superintendence.

The capital stock subscribed and paid is represented by 22,794,143,124 common shares of a single class, registered and without par value.

¹ Housing financing for social interest demand is viable with the support of an expressive granting of subsidies applicable to the monthly installments, so as to allow the families' access to housing. With all that, there is a long process of negotiations and monitoring of the beneficiaries in all phases of assistance – from the initial phases of registration/selection and qualification until completion and settlement of the financing.

Budget sources (GRI 201-4)

Governmental organization

Value received
(thousand R\$)

State government (capital contribution)	R\$875,070
Budgets of the State Housing Department	R\$920,269
Budgets from other state bodies (DERSA/DAEE/Metrô [subway]/other departments)	R\$129

Accumulated economic value **R\$1,795,468**

Source: Finance Superintendence.

Economic value created and distributed (GRI 201-1)

Thousand R\$	2022	2021
Economic value generated	R\$2,022	R\$1,900,519
Revenues	R\$2,086,524	R\$1,900,519
Economic value distributed	R\$(-2,590,914)	R\$(-2,103,884)
Operating Costs	R\$(-1,295,473)	R\$(-1,289,722)
Employee wages and benefits	R\$(-189,741)	R\$(-201,400)
Payments to government	R\$(-59,392)	R\$(-28,093)
Community investments	R\$(-126,696)	R\$(-108,829)
Others (subsidies granted)	R\$(-919,612)	R\$(-475,840)
Accumulated economic value	R\$(-504,390)	R\$(-203,365)

Source: Finance Superintendence.

Extract from the explanatory notes to CDHU's financial statements

Bill No. 529, of August 12, 2020, which was discussed in the Legislative Assembly of São Paulo, establishing measures aimed at fiscal adjustment and the balance of public accounts in the State of São Paulo, was converted into State Law No. 17,293, of October 15, 2020, which authorizes the Executive Branch to promote the extinction, among others, of CDHU.

However, in the last 2 years, the Company's actions and attributions have been reinforced, with emphasis on the significant investment of resources allocated to CDHU in 2022, which R\$575,070,147.00 refer to payable balances for the year 2021 and R\$300,000,000.00 related to the 2022 tax resources, making a total of R\$875,070,147.00 received until December 31, 2022 for urban recovery

actions and resumption of housing projects on land belonging to the Company, or for development in partnership with cities, which significantly demonstrates CDHU's operational continuity.

Details on the main sources of funds of CDHU are included in the Exhibit to this Report.

Total services in 2022

(SASB | IF-HB-410b2)

In 2022, 9,179 services were carried out: 3,844 housing units, 4,821 urbanized lots, 272 letters of credit and 242 households benefited from urbanization. Furthermore, there were 22,588 housing units at construction stage.

In 2022, a new budget action was included: provision of urbanized lots, which, together with the provision of housing for general demand, make up the CDHU Housing Provision Program.

This new action is directly implemented by CDHU and the Housing Department or transferred to municipalities for the implementation of popular allotments, including infrastructure works, earthworks, paving and treatment of free and institutional areas. This modality can be combined with the implantation of houses in the viable lots, through the action of provision of houses for general demand.

Indirect economic impacts

(GRI 3-3 Indirect economic impacts, GRI 203-2 | SDG 1, SDG 3 and SDG 8)

Several CDHU actions have a positive, direct and indirect impact on the population directly involved, the local community, society and cities, broadly speaking, with social, urban and environmental benefits. The implementation of Viver Melhor Program and the migration of housing allowances to the state Bolsa do Povo program are novelties. Both are added to the social action in housing, with urban and environmental impacts.

Some remarkable actions are described below:

Actions to raise funds and reduce default rates

(GRI 413-2 | SDG 1 and SDG 2)

The period of the COVID-19 pandemic, which culminated in a significant reduction in economic activity, affecting the entire State of São Paulo, among other aspects, increased the level of unemployment, strongly affecting the low-income population, which is the target group of social housing, in particular informal workers.

With the gradual recovery of the economy, CDHU management approved a package of measures to provide more favorable conditions for the settlement of debts, exclusively to serve the affected families, thus avoiding generation of even greater losses to the borrowing population.

The conditions set out in this package include measures for each of the most critical situations identified, including:

a) For contracts with legal actions and judgment:

- **Contractual Discharge with Judgment:** cash payment of the residual balance of the contract (debit balance + debit of overdue installments), adjusted, with no interest and no fine;
- **Refinancing with Judgment:** payment in installments of the residual amount of the contract (debit balance + debit of overdue installments), adjusted, with no interest or fine, paid in up to 100 months, with interest of 3% per year and annual readjustment according to the Consumer Price Index (IPC-FIPE); and
- **Remarketing Eligible Occupant:** grant financing to eligible occupants in cases where there is contractual termination with the original borrower, under new commercialization conditions (zero interest), for the amount of the original financing adjusted by the Broad Consumer Price Index (IPCA-IBGE), with a term of up to 420 months.

b) For contracts subject to administrative collection:

- **Special Agreement:** offer of simple payment in installments of the updated total debt, without incidence of interest and penalty, which may be extended to the end of the contractual term and with no down payment; minimum installment of 5% SM (R\$60.60) – for administrative and judicial agreements, or agreements with CEJUSC;
- **Transfer:** transfer ownership of the contract for the amount due (debit balance, plus adjusted debt, with no interest or fine), refinancing under the new conditions (zero interest, etc.), up to a limit of 420 months;
- **Refinancing – Acknowledgment of Debt:** refinance updated debts (with no interest or fines), remaining from terminated contracts, under the new conditions: zero interest, up to 420 months, with no subsidy, lower installment: R\$363.60 (30% of 1 minimum wage);
- **Debt Novation:** adopt novation for active contracts in which the special agreement results in an installment considerably higher than the debtor's ability to pay, with zero interest, up to a limit of 420 months;

- **Overdue Judicial Settlements/ CEJUSC:** accept payment of installments previously agreed within the scope of CEJUSC and that are overdue, or full settlement of the agreement, with no interest or fine. For new agreement, adopt the conditions of the special agreement – formalized with an executive title; and
- **Conversion of Contracts (lease):** adopt the normative conditions in force for the conversion of precarious lease contracts into financing.

In addition to these provisions, CDHU had to innovate the way it communicates with its target group, which is the most vulnerable population and the most affected by economic and social factors, in order to mitigate defaults on the real estate portfolio and prevent impacts on revenue. To this end, several official service channels were implemented to provide services and information to customers. Information technology was essential for the success of this implementation, allowing families to become more autonomous to regularize possible financial irregularities and land use and occupation, reducing the need for face-to-face assistance.

The strategy can be considered positive, because, even if the default rate is high, but stable (around 24%), the collection value of the portfolio is increasing year after year, although affected by the reduction of the portfolio, in an total of 844 million *reais* for 2022.

The improvement in collection may be attributed to CDHU's approach to the customer, through face-to-face and computerized service, offering the best services to keep them in good standing with the Company, supporting borrowers and beneficiaries through:

- CRM system for information registration and tools for use in service stations and call centers;
- active performance of the call center (toll-free 0800);
- CDHU application for smartphones, making agreements and enabling the issuance/visualization of a 2nd copy of installments; and
- operation of 4 contracted consortiums, providing assistance to borrowers.



TTS Bom Sucesso de Itararé – Board game activity.



TTS – Urban orchard.

Subsidy Policy and housing allowance

(GRI 413-2)

The following CDHU’s actions for promotion of housing services stood out due to their social, urban and socio-environmental benefits:

a) Subsidy policy granted in the provision of housing financing to enable the acquisition of houses by the target group of the state housing policy. To this end, one of the main axes of CDHU’s service policy is the granting of housing subsidies to low-income families that lack conditions for access to real estate financing carried out by the Company, in its capacity of financial agent. Historically, more than 80% of the target group of the State’s housing programs earn up to 3 minimum wages, which imposes significant contribution of resources as a way of adapting the debt capacity of families to the costs of access to houses produced with public resources, either from the State Treasury, or from CDHU’s own resources arising from the management of the financing it operates, or from other sources, through specific funding.

The subsidy is a personal and non-transferable bonus granted to low-income beneficiaries and which accrues on the

monthly installment. It is necessary to complete the amounts owed so that it is possible to maintain the financing rule adopted by CDHU, which sets the maximum percentage of commitment of monthly family income to pay monthly installments at 20%. The difference between the amount owed and that amount is the subsidy amount applied to each beneficiary’s installments.

The definition of a maximum percentage of commitment of family income to the installments aims at preventing that families are excessively burdened, as well as allowing access to decent housing. This is a policy with an important social impact, considering that, of a total of more than 273 thousand active contracts of the Company, accounted for in December 2022, almost 105 thousand (38%) had subsidy in the form of a discount on the property installment, in that month, corresponding to 39% of the amount of installments due.

It is important to note that during 2022, the month of January had the highest volume of active contracts and families benefiting from subsidy on the installment, respectively 288 thousand contracts and 110 thousand families. The oscillation during the year is normal and indicates the movement of the portfolio with new contracts signed, but also with old contracts terminated.



Louveira – Delivery.

Subsidies granted per number of services and amounts applied in installments

Month/year	Number of contracts	Number of subsidized contracts	Installment	Subsidy
December/2022	273,786	104,939	R\$128,302,280.63	R\$50,045,297.91
Total on 12/31/2022			R\$1,494,626,323.73	R\$588,528,044.01

Source: CDHU/DAF/Real Estate Credit Management Superintendence.

b) Provisional and/or emergency housing allowance: another form of subsidy concerns the granting of housing allowance to low-income families living in precarious and irregular settlements, forced to displacement because they are in areas of risk, and/or affected by slum urbanization works and services, or urban and environmental structuring and recovery projects. As to provisional housing allowance, displacement results from the interventions described above. For events of catastrophes, rain, etc., assistance is provided through emergency housing allowance. In all such cases, CDHU acts as the manager of the benefit, and the Housing Department is responsible for transferring the funds, and the Bolsa do Povo Program is responsible for implementing the payment of the benefit directly to the families, with the aim of supporting housing expenses on a transitional basis, until the viability of definitive housing assistance.

The granting of housing allowances is financed with funds from Casa Paulista/ Housing Department and partners, and began to be operationalized through Bolsa do Povo State Program, which unified

and expanded the granting of payments previously operated by CDHU within the scope of the agreements entered into with the Housing Department, No. 045/05/2010 – Emergency Housing Allowance/2010, No. 075/05/2011 – Emergency Housing Allowance/2011, and No. 841/05/2015 – Provisional Housing Allowance, and CDHU remains as manager of the benefit.

The migration of benefits to Bolsa do Povo Program began in December 2021 and was completed in June 2022, covering 6,394 families (with the exception of those involved in interventions, whose resources come from partners in agreements signed directly with CDHU, such as Metrô, Department of Water and Electric Power [DAEE], Companhia Paulista de Trens Metropolitanos [CPTM], etc.)

Considering the families assisted with at least one installment of housing allowance in 2022, it is observed that 44% (3,684) of the allowances were granted to families from projects originating in the capital city, 38% (3,201) from municipalities in the Metropolitan Region of São Paulo and 18% (1,531) from the countryside. In addition, 76% (6,371) of the housing allowances granted have been in effect for more than 3 years.

Housing allowances granted

Benefit x origin of resources	Families
Contracted housing allowance – Housing	5,637
Contracted housing allowance – Partners	1,028
Agreed emergency housing allowance – Housing	1,751
Total	8,416

Source: CDHU/DAH, December 31, 2022.

Urban, housing and environmental benefits

a) Housing service in resettlement, urbanization and similar actions: of the Company's housing service actions, part is aimed at the general demand that arises when launching public notices for registration, but there is a portion of services carried out for specific groups in resettlement, urbanization and similar actions that replace houses that cannot be maintained, or contribute to the qualification of households in the places where they are located. It is understood that these actions bring direct benefits to families and indirect benefits to locations, which have equated risks, installed infrastructure and the possibility of land regularization, as a result of housing actions.

In this sense, CDHU delivered, until December 31, 2022, 968 housing units promoted in the Company's developments, and another 272 units through financing of units in the market acquired with letters of credit granted for this purpose linked to resettlement actions. In addition, slum urbanization that will benefit more than 2,000 households in precarious settlements actions are underway (2022 Financial Year Report).

In addition to providing access to sanitation infrastructure, improving housing conditions and accessibility, the Company seeks to choose locations close to the original housing area to make housing services

feasible, seeking to ensure the restoration of living conditions for the socially vulnerable families involved in these displacements.

b) Granting permits for use of social, public and/or community facilities: the positive impacts of the housing policy go beyond ensuring adequate housing conditions for the low-income population. During implementation of housing developments, areas are set aside for public and/or community facilities that enable an increase in the quality of life of citizens, allowing performance of activities and services such as education, health, leisure, etc. This approach involves housing projects designed with adequate urban infrastructure and conditions for the implementation of facilities such as schools, health clinics, parks, etc., and centers for the quality of cities and, therefore, of citizens' life.

There are three types of public areas that are part of the implementation project for housing developments: institutional, green areas and non-residential lots. During the period in which these areas remain in the domain of CDHU, they are destined to government partners for the implementation of public service facilities, through a specific legal instrument – the Permit for Use Term (TPU).

Four TPUs were signed in 2022: 2 with the Municipal Government of Euclides da Cunha, for implementation and regularization of leisure systems (soccer court); 1 with the Municipal Health Department of Campo Limpo Paulista, for implementation of 1 Basic Health Unit (UBS); and 1 with the

Municipality of Guarulhos, for regularization of a plot of Guarulhos A development.

c) Housing improvements carried out by Viver Melhor: as mentioned, Viver Melhor is developed in precarious settlements, regularized or subject to regularization and that are not occupying areas of risk and others. Acting to provide salubrity, accessibility and quality in precarious houses already built in these complexes, at no cost to residents, the program has an impact not only on the lives of its residents, but also on the community where they are inserted, transforming the local landscape.

Typical repair and improvement services are developed, carried out in each house; such services include complements or redoing of wall and floor coverings, revision and reinforcement of roofs, painting, complement or reinforcement of masonry, installation of frames, execution of water piping and /

or sewage and connection to the existing public network, installation of toilets, revision of electrical installations, drainage complements and access improvements, containment and specific urban improvements, necessary for the residence reclassification.

The areas that present the selection conditions listed below are considered eligible for service in the project:

- Regularized areas or areas subject to regularization, to be classified as Reurb-S by the municipalities;
- areas with a predominance of households with housing precariousness;
- areas with no predominance of risk factors and subject to housing consolidation; and
- sectors of complexes/settlements that meet the conditions described.

Viver Melhor: status of works in December 2022

Work status and housing improvements - details

Item	Quantity	Percentage
Social listed (surveys in progress)	3,695	33.32 %
Inspected not eligible	1,005	9.06%
Inspected (in budget phase)	2,837	25.58%
OIS issued (in planning phase)	270	2.43%
Construction works in progress	736	6.64%
Completed works	2,547	22.97%
Total	11,090	100.00%

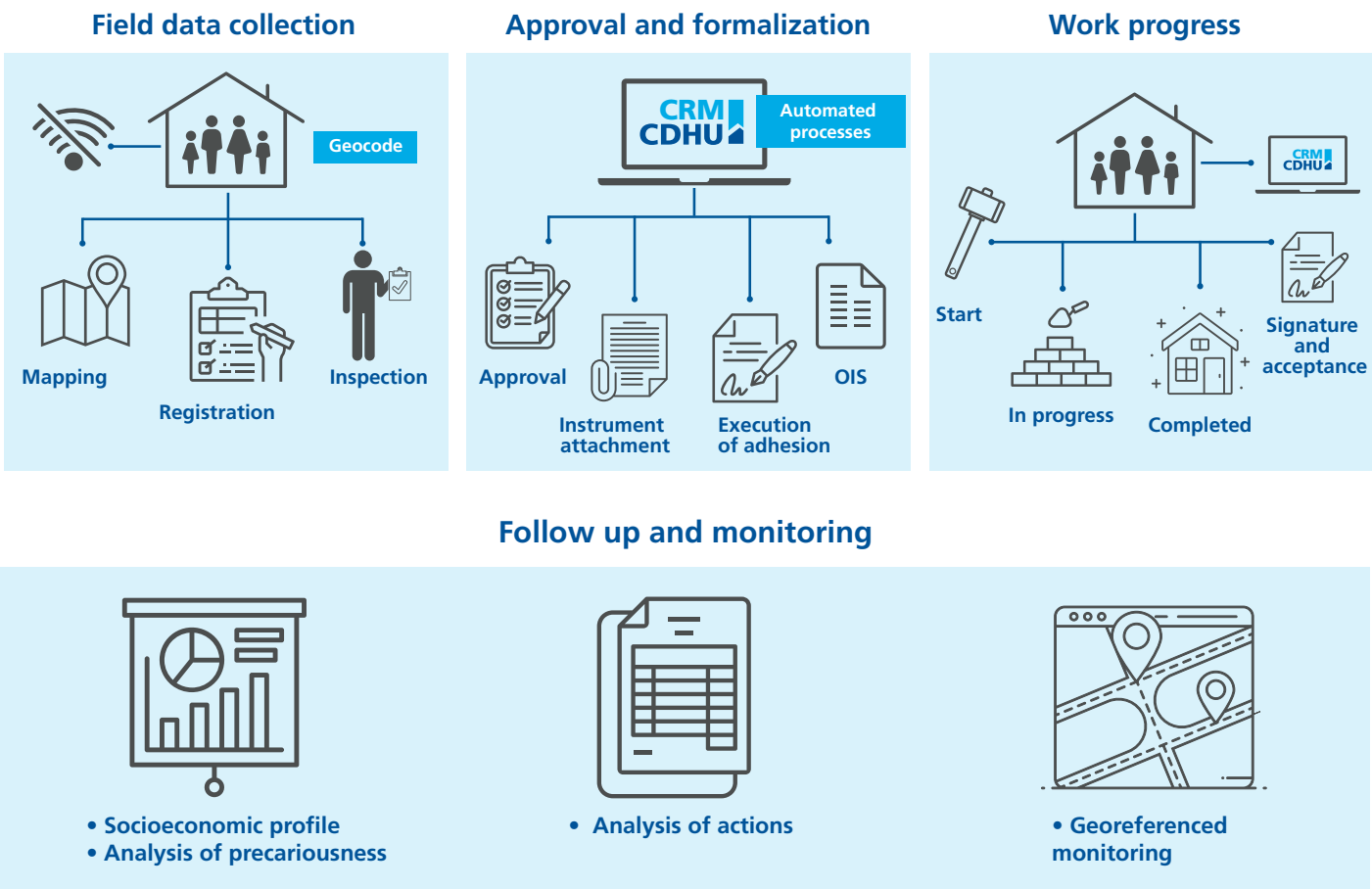
Source: Superintendence of Social Action in Urban Recovery.

Tool for diagnosing and monitoring Viver Melhor: Housing Precariousness Index

Viver Melhor Program's integrated information system allowed, in an unprecedented way at CDHU, the integrated operation between the technical areas involved in the program (Social and Works) with real-time information exchange. For this, 2 applications were created with the possibility of offline use for the Technical and Social Diagnosis stage, one for socioeconomic characterization and the other for surveying the services to be performed.

The set of applications that are part of the information system performs the automatic calculation of the **Housing Precariousness Index** for Housing Improvement Programs in order to identify the precariousness category in which the house initially falls, and which is again verified after performance of the service. Thus, the concrete results of the program can be measured.

Information flow





Sorocaba – Viver Melhor Program.



The system contributed to overcoming some difficulties in field operations in the Housing Area, such as the lack of agility in exchanging technical information between operational areas; lack of standardized, unified and updated information for all parties involved; lack of standardization of procedures among different performers; difficulties for simultaneous management of the operation in distant municipalities; and absence of real-time information on execution of the program throughout its evolution.

Considering these aspects, the adoption of Viver Melhor Program's integrated information system is an innovation that directly and positively affected the productivity of the different teams involved, which is especially important in a large-scale program.

With the application of the **Housing Precariousness Index for Housing Improvement Programs (IPH-PMH) pre- and post-intervention**, it is possible to observe how the reclassification of the houses contributed to the improvement of their conditions of habitability, salubrity and safety. The index values range from 1 to 6, considering that the closer the value is to 1, the greater the precariousness of the housing, and the closer the value is to 6, the better its condition. The example presented below demonstrates that the possible services within the scope of the PMH may fundamentally and significantly change the quality of life of families, by facing and proposing technical solutions for the main precariousness identified.



Investments in infrastructure and service support

(GRI 203-1 | SDG 5, SDG 9 and SDG 11)

Service provision


CDHU, through the Executive Board for Planning and Projects, provides services to bodies linked to the Public Administration in the areas of project preparation, support for public tenders and management of works.

The provision of project preparation services includes the disciplines of architecture, structure, geotechnics, hydraulics, electricity, preservation of cultural heritage, sewage collection networks, water supply, drainage and other related specialties. Considering that is a new area in the Company, these first years of activity have challenged the teams to keep up to date with new programs and new demands for design, research and advisory on legislation and rules, at the same time as they need to structure the procedures for preparation, management and control of processes and deadlines, in addition to creating procedures that standardize product results in multidisciplinary and regional teams.

The project preparation process is made up of several stages, with emphasis on budget preparation, which includes the coding of services based on a bulletin administered by CDHU and updated with labor and input values, quotations for special items, and preparation of all the support material necessary for the public tender. This stage

takes on average 30 to 45 days, also depending on the complexity of the project, and part of it is done concurrently with the conclusion of the projects (preparation of quantities and codification, budget report, research and product quotations).

Preparation of proposals involves holding meetings, conducting inspections, setting up the scope, defining deadlines and values, all prepared in most cases by regional teams with participation of professionals from the



The provision of services to other bodies encompasses various areas: architecture, structure, geotechnical, hydraulic, electrical, cultural heritage preservation, and others

internal project team. In this regard, it was necessary to create procedures to define the scope and valuation of the work. A professional from the internal team was also appointed; such professional concentrates information on procedures and control.

Renovations (GRI 203-1)

In 2022, renovation or layout revision projects were prepared for 24 projects, totaling approximately 118,000 m² of intervention area, all complying with accessibility laws (mainly with regard to ramps, elevators, lift platforms and adequate toilets), obtaining approval in the Fire Department as to safety in electrical and hydraulic installations (compliance with the guidelines of utility companies and update of parameters according to the current rules), collaborating with the safety of employees and users of these public-use buildings. Projects were prepared for very diversified programs, the most challenging being the Central Medical Legal Institute (IML) in São Paulo and the laboratory areas of expertise for the Scientific Police.

Projects for new buildings or facilities (GRI 203-1)

Ten new projects were developed over a total of approximately 134,000 m² of built area, and the development of the Athletics Track for Mário Covas Complex for the Sports Department was the most challenging one, particularly due to its scope, with a built area of 4,000 m² attached to the athletics track, which required research

on the requirements for international competitions, materials to be used on the track, and necessary equipment requirements. In 2022, the project was tendered by the Sports Department and is currently under construction, managed by CDHU.

The other form of production, taking advantage of the experience of the team previously acquired in the Housing Area, are the projects referred to as typologies, the purpose of which is the development of projects for buildings or facilities, which can be quickly replicated in different situations of use and on different types of plot of land.

Five programs were developed in this modality:

1. Department for Regional Development

With 5 typologies of flexible use to attend population support programs in the areas of Health, Social Development, Education and Training, for the implementation of Community Centers, Youth Houses, Women's Houses, Afro Houses and Health Houses. In 2022, 72 implementation projects were prepared in support of the Municipal Governments.

2. São Paulo Social Fund (FUSSP) – Praça da Cidadania Program

This program prepared by FUSSP implements, on land provided by municipal governments in underprivileged lands of the municipalities, technical courses in the areas of gastronomy, beauty, fashion, art and information technology, among others that can be carried out in classrooms without the need for

specific infrastructure, integrated into sports and leisure facilities. In this program CDHU was responsible for preparing complete executive projects of 3 typologies of approximately 400 m² each, with infrastructure to serve the programs of the several courses offered, and typologies of sport and leisure such as a multi-sports court, mini basketball court, soccer field, bleachers, skate park, playground, five-a-side soccer field, vegetable garden, table tennis, gym and swimming pool equipment, locker room, etc. To this end, in addition to the aforementioned typologies, all projects for the implementation and infrastructure of such facilities are prepared, involving earthworks, containments, water, sewage, drainage and electrical networks. A total of 15 projects for squares were prepared in 2022, with the following implementation situations: 10 squares under construction, 4 under public tender phase and 1 project towards completion.

3. Department of Tourism – Projects for nautical structures

Projects of typologies and implementation of nautical structures in sheltered waters were prepared for 13 municipalities, comprising surveys; feasibility studies; projects for land modules such as decks, gazebos, pergolas, access ramps and over-water modules with walkways; floating piers and fingers; obtainment of necessary licenses and preparation and assembly of the bidding technical documents.

4. Municipal education department

As a result of the renovation projects, with the scope described above, improvements were made to the school environment. In this case, the typologies of facilities were in the living areas, with greater visual quality and comfort for students, such as pergolas, benches, arena/bleachers, working desk and definition of floors, with identity of colors and products, so that students could feel welcome. A portal integrated with the roof was also developed in order to create a visual identity and improve protection of access ways against bad weather. These typologies should be replicated in the several schools of the municipal education network, in addition to those that are part of the initial scope of the renovations.

5. Department for Social Development (SEDS) – Active Longevity Center

Two types of Active Longevity Center were developed to support programs for the elderly, in order to be replicated in several municipalities in the State of São Paulo.

Historical heritage (GRI 203-1)

In 2022, a public tender was made for the renovation project prepared by CDHU for the Santos Police Palace, and a team specialized in Preservation of Historical Heritage started monitoring works. Projects for the recovery of listed buildings, such as the State Technical School (ETEC) of Ribeirão Preto and Cidade I and Cidade II buildings, which house various State Government agencies, were also prepared. For these projects,

Sustainability

In general, the projects, whether for new buildings or renovation of existing ones, incorporated the lines already developed in the housing area, with installation of pressure reducing valves in taps, change of lighting fixtures to LED lamps and installation of rainwater retention tanks.

For Praças da Cidadania projects, it was also possible to incorporate several sustainability items such as photovoltaic power, use of rainwater, drainage with use of retention at peak times of rain, planting of native vegetation, recomposition in areas of environmental protection and installation of recycling bins.

chromatic and historical research analyzes were carried out by specialized professionals.

In addition to providing services, CDHU also makes significant financial contributions to urban infrastructure in its housing actions, such as water and sewage networks, electrical networks, drainage, paving, retaining walls, enclosures and fencing, landscaping, gas and telephone networks. The indirect impacts of the installation of new housing units are the allocation of areas for construction and improvement of schools, health centers, security system and public transport in the communities.

Implementation of all this infrastructure is essential for improving the quality of life and benefits the entire population surrounding the housing complexes, in addition to boosting the economy and encouraging local development. Total investments in infrastructure and support services in 2022 were R\$30 million.(GRI 203-1)

Investments in urban and housing development in infrastructure and support to services in 2022 totaled R\$30 million



SP Grajaú Chácara Conde – Delivery.

Job positions created

(GRI 203-2)

Estimates of job positions created in civil construction are an important parameter for evaluating the multiplying effect of investments in the sector. Such estimates are based on the Input-Output Matrix (MIP), prepared by the IBGE every 5 years, the last one being in 2015. The indicator calculated by the Brazilian Chamber of the Construction Industry (CBIC) was adopted as a reference for the actions of SH and CDHU.

The last CBIC indicator available from, based on the 2015 MIP with values updated by the 2017 National Accounts System, establishes that, for every one million reais in investments, **18.31 job positions** are created, of which: 6.53 are direct jobs, 5.8

**For every
R\$1,000,000.00
in investments,
18.31 jobs are
created, of which:
6.53 are direct
jobs, 5.8 are
indirect jobs,
and 5.98 are
induced jobs**

are indirect jobs and 5.98 are induced jobs. These job positions are in the housing sector itself, in sectors that produce raw materials (indirect effect) and jobs induced by virtue of the increase in income generated by the expansion of production and of direct and indirect employment (induced jobs).

Based on these criteria, it is possible to estimate that the investments made in 2022, which amount to R\$2.6 billion, have created around 47,440 job positions throughout the State, of which 16,919 are direct, 15,027 are indirect and 15,494 are induced. (GRI 203-2)

Procurement practices

(GRI 3-3 Procurement practices, GRI 2-6)

To contract works and services under its responsibility, CDHU abides by the laws and bidding regulations, in particular the Government-Controlled Companies Law, No. 13,303/2016.

Through this means, it contracts companies in the wide spectrum of the development of its activities, from preparation of projects, surveys, topography, technological control, etc., to execution of works, also comprising studies and specific services necessary for the development of the supporting activities, within the scope of social work, administrative actions and others. It is also important to hire supporting services, advisory and management and inspection of works and services/developments, as well as social actions and technological support services and others.

As a result, the Company has a wide supply chain that includes construction companies and designers; technical-social work managers; supervisory bodies and other service providers, including legal advice; expert consultancy; public company (PRODESP) that provides portfolio management services; insurance companies; among others. During the period covered by this report, no significant changes were registered in relation to the company's structure or supply chain. There were also no reformulations regarding the material topics and information presented in the previous year on mergers or acquisitions, as well as the nature of the business and measurement methods of the report indicators.

Taxes

(GRI 3-3 Taxes)

CDHU does not have a *stricto sensu* tax strategy, but seeks to comply with all its fiscal and tax obligations, strictly observing the laws and regulations in force.

As from the second half of 2022, CDHU could rely on the consultancy services of FIPE Fundação Instituto de Pesquisas Econômicas (FIPE) one of the working fronts aimed at developing the Company's fiscal and tax management, identifying any diseconomy events experienced by CDHU and opportunities of improvements in its routines, and supporting the adoption of judicial, administrative and managerial measures that optimize results from the fiscal and tax point of view, aiming at a greater economic return for the Company. (GRI 207-1, GRI 207-2 | SDG 1, SDG 10 e SDG 17)



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Environmental responsibility

Environmental responsibility

CDHU seeks to develop projects with a series of improvements to make housing more comfortable, safe and durable, providing well-being for residents. The focus is on sustainability and environmental preservation, combined with reduction of consumption and maintenance costs for residents.

CDHU works to innovate sustainability practices in social housing in developments, such as the adoption of photovoltaic power devices and systems, equipment to reduce water consumption, adequate solutions for soil management, drainage, paving, preservation and replanting in green areas and preservation of permeable areas, as well as preparing reports and opinions on the development of projects for necessary investigations regarding impacts related to biodiversity, contaminated areas, vegetation recomposition, among others.

Measurement management activities and registration of information on waste generation, water and electricity consumption in CDHU's housing projects are carried out in a decentralized manner at all construction sites. The data has been entered into the Development Management system (GEM) and feeds the construction of indicators for each activity.

The Company's initiatives aim at sustainability and conservation of resources, with gains for the environment and in line with the reduction of consumption costs for residents of social housing units.

The Executive Board for Planning and Projects, assuming the direction of new services not related to housing production, is using the experience already acquired by the Company in photovoltaic systems to incorporate this technology in its new contracts.

In the state policy on climate change, housing actions have been considered a solution to equate needs, such as removal of occupations from areas of risk and others, in other words, the actions of resettlement of families to quality housing units such as urbanization and regularization of precarious settlements are corrective actions that minimize the impacts of these changes. This is connected to the Company's strategy and is provided for in the laws of the Multi-year Investment Plan and the annual budget laws with a Housing and Urban Reclassification program, in addition to the Provision of Housing for General Demand. (GRI 201-2 | SDG 13)

To consult the Multi-Year Plan for the 2020–2023 quadrennium and annual budget laws, please access the publications in the Official Gazette of the State of São Paulo.

Innovation

Experience and focus make CDHU an innovative company that develops environmental recovery actions and qualification of degraded areas, such as urbanization of slums, always in conjunction with local and regional social policies. Urban infrastructure works improve the quality of life of residents and, in general, public health. CDHU is also a pioneer in establishing affirmative actions for people with disabilities, the elderly and police officers, and in creating programs for specific demands such as indigenous villages and *quilombola* communities.

Land use and ecological impacts

(SASB | IF-HB-160a.2, SASB | IF-HB-160a.4, SASB | IF HB 410b.1, SASB | IF-HB-410b.2, SASB | IF-HB 420a.2)

In 2022, 9,179 services were carried out (delivered), which corresponds to 3,844 housing units, 4,821 urbanized lots, 272 letters of credit and 242 houses serviced by urbanization. Of the units delivered, 968 were under Ação Reassentameto Habitacional (Housing Resettlement Action) which, with the 272 letters of credit that also refer to this action, totals 1,240 assistances so far.

Housing Resettlement Action offers housing assistance solutions for families displaced from risk, slum decongestion, areas of environmental recovery and protection and areas of influence of public works, through production of isolated housing units or

in housing complexes, with infrastructure and urban facilities; offer of credit for the acquisition of units in the market; and promotion of production through partnerships with other promoting agents.

1. The implementation projects and respective typologies take into account compliance with performance standards (NBR 15,575), particularly with regard to the thermal aspect and according to the climatic conditions of each region (climate chart);
2. in all of its developments, CDHU carries out the planting and environmental compensation established in the relevant legislation. In addition to what is required, the Company promotes the planting of trees on public roads, condominiums and green areas; and
3. in all developments, CDHU seeks to develop projects that are based on compensation for earth movement, reducing the need to transport material and, consequently, reducing fuel consumption.

As a case of the Company, Parque do Carmo project in São Paulo demonstrated the use of green areas. The works of this development started in 2022, and its implementation included an earthworks project designed to seek a good compensation between cutting and landfill, where a large number of tree specimens will be implanted, which even exceeds the number required by law and compensation due to removal of species in the building area (a total of 1,163 trees will be planted).

The plot, which has an area of 26,974.53 m², was divided into two residential condominiums, two green areas and an institutional area. A total of 252 housing units will be implemented and each of the condominiums will have a sports court, a commercial center and a condominium leisure area. This development is aimed at assisting families organized in Residents' Associations.

Land location

(SASB | IF-HB 410b.1)

In the selection and qualification of land, CDHU considers two categories: land with impeding features and land with features essential to the implementation of housing developments.

1. Example of impeding features:

Located in mining concession area, in drainage headwaters, forest or natural reserve area of interest for preservation, green areas defined in subdivision of the soil, etc.; and.

2. example of essential features:

Priority in occupying urban void, being located in regions close to employment, commerce and service centers and the water, sewage and drainage infrastructure and education, health, sports and leisure facilities of which have the capacity to absorb the population growth.

One of CDHU's challenges is to promote the supply of houses with the necessary

and desirable quality of life based on technical, social, environmental and economic criteria. The Technical Manual – Land Feasibility Analysis provides guidelines for land selection with the following objectives:

- Provide the future population living in housing complexes with not only the benefit of the housing unit and its constructive and legal quality, but also access to public facilities, commerce and services inherent to the housing function, integrating, upon occupancy of the units, families into the urban structure of municipalities;
- minimize government investments, whether in the execution of infrastructure works (drainage, water and sewage networks, public lighting) or in the implementation of social facilities; and
- subsidize the preparation of projects based on the availability of land, technical, urbanistic, physiographic and environmental information that contributes to the preparation of the intervention program and to greater agility in the real estate approval and registration processes of developments.

Currently, unallocated land for institutional use is accepted, due to changes in legislation that allow its use for the implementation of housing developments. The feasibility analysis also takes into account consultation with the National Historical and Artistic Heritage Institute (IPHAN) regarding the possibility of the existence of archaeological sites.

The lowest cost of investment in urbanization works is a criterion for choosing the best location for developments in programs with partnership with municipalities, in which the responsibility for land acquisition rests with the municipal executive branch. The plot of land indicated, submitted to the feasibility study prepared by CDHU, is not always favorable, conditioning the continuation of the project to the indication of a new plot, when the first one does not meet the criteria and requirements requested by the Company.

In case of ventures without partnership with the municipalities, the Company must enable the acquisition thereof, which occurs mainly in the metropolitan or coastal regions, facing as challenge the provision of more expressive resources, considering the purpose of promoting ventures in lands integrated into the urban context.

Housing construction in water-stressed areas

(SASB | IF-HB-160a.2)

CDHU operates throughout the State of São Paulo, with a significant incidence of its production in water-stressed areas, which are also those where the most critical housing problems and the most intense urbanization are concentrated.

The Company's actions, promoting implementation of adequate urban infrastructure, including sanitation, contributes to the conservation of water resources, replacing irregular occupations that use inadequate collection and waste

disposal procedures. Environmental and urban recovery actions make a significant contribution to minimizing pressure, especially those actions developed in the metropolitan regions of São Paulo and Santos Coastal Plan, in which precarious settlements in areas of risk and environmental protection represent a huge challenge, involving more than one million of domiciles and complex solutions for equating the problems.

In summary, CDHU has been active in the main water-stressed areas, which is also where the subnormal agglomerations are located and where the main projects of urbanization, environmental sanitation and resettlement of families living in areas of socio-environmental risk are located.

Compact developments

(SASB | IF-HB-410b.3)

In general, CDHU developments incorporate these qualitative parameters in all its interventions:

- In areas irregularly occupied by precarious houses, at risk and/or in areas of environmental preservation, CDHU promotes the removal of these precarious buildings, assisting the families removed, and regenerates these vacant places, providing for their environmental recovery. In the remaining portion (when it exists and is composed of consolidated buildings), CDHU implements the

urbanization and regularization of the occupation, which becomes a healthy neighborhood, inserted in the urban fabric of the city and connected with all its different uses; and

- in unoccupied areas, CDHU promotes the implementation of horizontal and vertical housing complexes and condominiums. In these cases, the aforementioned standards for compact developments are also met, with the design of neighborhoods with residential, institutional, green and leisure areas and commercial centers.

In view of this, all the company's developments delivered in 2022 can be listed as compact.

CDHU admits, for small and medium-sized municipalities in the countryside where horizontal residential complexes with single-family houses are implemented, a density of around 62.5 HU/ha. For this calculation of the potential of a plot of land, a single-family plot of 160 m² is considered, with 50% of the plot being occupied with lots and the remaining 50% being set aside for leisure systems/green areas, institutional areas (community public facilities such as nurseries, schools and urban areas, such as sewage pumping stations) and the road system. This is a first approximation, as each development presents its particularities, such as vegetation cover with fragments of native forest, variable slopes and irregular plot shapes, or even in terms of its urban insertion. As to vertical developments, these are very variable with housing typologies

of 5, 7, 8 and 15 floors, with or without associated facilities, which makes it difficult to consider them in a single index.

The Carapicuíba N development can be used as a case of compact development aimed at providing housing to families in a precarious area in a mixed-use development. The residential area of the development has 8,602.51 m² and the commercial area, 360.13 m². 354 housing units and 17 commercial units divided into two centers were implemented. A community center is to be implemented inside the condominium, as well as playgrounds, barbecue facilities and the planting of 83 trees. This development was conceived to serve families removed from a precarious occupation located in the city of Carapicuíba.

Energy

(GRI 3-3 Energy, GRI 302-5 | SDG 7, SDG 8, SDG 12 and SDG 13)

Energy efficiency has been a highlight in CDHU houses since 2009, when solar heating systems began to be installed through partnerships with utility companies with their own resources. The use of this heating system between 2009 and 2018 totaled an investment of approximately R\$122 million, leading to projected savings of 18,239 kWh/month.

A new chapter in energy efficiency began in 2019 with the adoption of the photovoltaic system in houses. The implementation of this technology was the result of an agreement signed in 2016 between the Housing Department/CDHU and the State Department

for Energy and Mining, which led to the development of pilot projects in which the implementation and monitoring of the results of energy efficiency of these devices were performed as a basis for a broader plan of action.

When it became clear that photovoltaic systems implemented in the pilot projects were effective, all housing units whose works had started as from 2019/2020 are now being delivered with the photovoltaic system installed, providing significant savings in the monthly expenses of borrowers with electricity and reducing consumption in general. In a complementary way, all housing units with photovoltaic systems are also equipped with LED-type lamps, making it possible to further reduce the consumption of beneficiary families.

With the ongoing initiative, promoting the use of a clean and renewable source of energy in low-income houses, more than 10,000 housing units have already been delivered, distributed in 123 new developments with built-in solar panels.

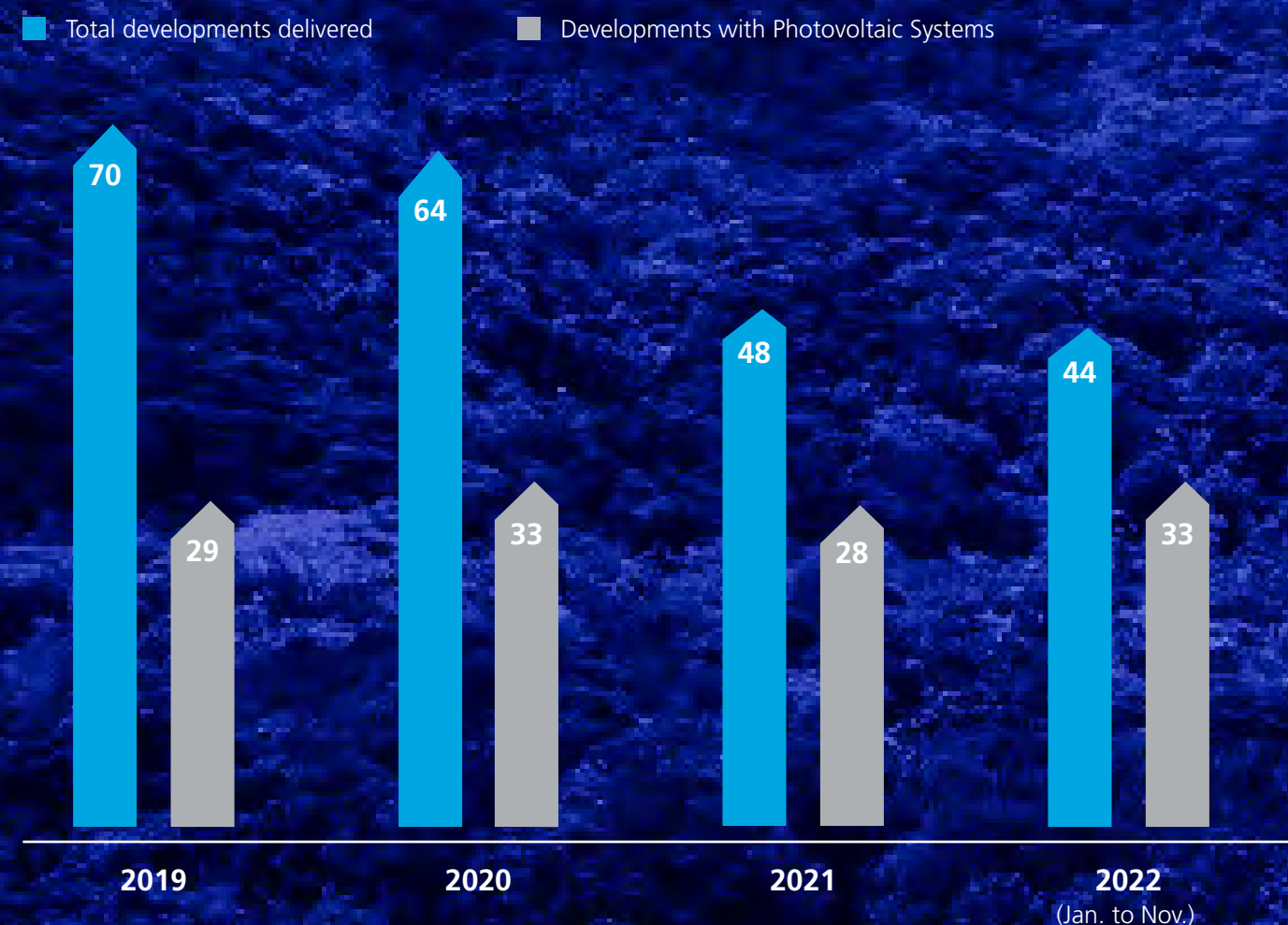
Considering the average monthly generation of 80 kWh per residence, it is estimated that the generation of all horizontal housing units together is 747,600 kWh per month. This total energy consumption represents a large drop in energy demanded from utility companies. Between 2019 and 2022, this initiative totaled an investment of approximately R\$43 million.

The charts below show the flow of deployment of the devices and the number of houses benefited.



Torre de Pedra Venture – Units with photovoltaic plates.

Number of developments with photovoltaic systems in relation to the total number of developments delivered in the year



Source: Technical-Administrative Superintendence.

These are the results so far, which continue to expand, given that houses continue to be designed and delivered with these devices already implemented.

Recognition (SASB | IF HB 410a.1)

For the implementation of photovoltaic microgenerators in social housing, CDHU received the following recognition:

- Special Merit Seal – Brazilian Association of COHABs and Public Housing Agents (ABC Housing) at the 64th National Forum on Social Interest Housing (2017);
- Eco Brasil Award – Sustainability in Products or Services Category (2017); and
- Certificate of Acceptance and Publication of Articles – III Latin American and European Meeting on Sustainable Buildings and Communities (2019).

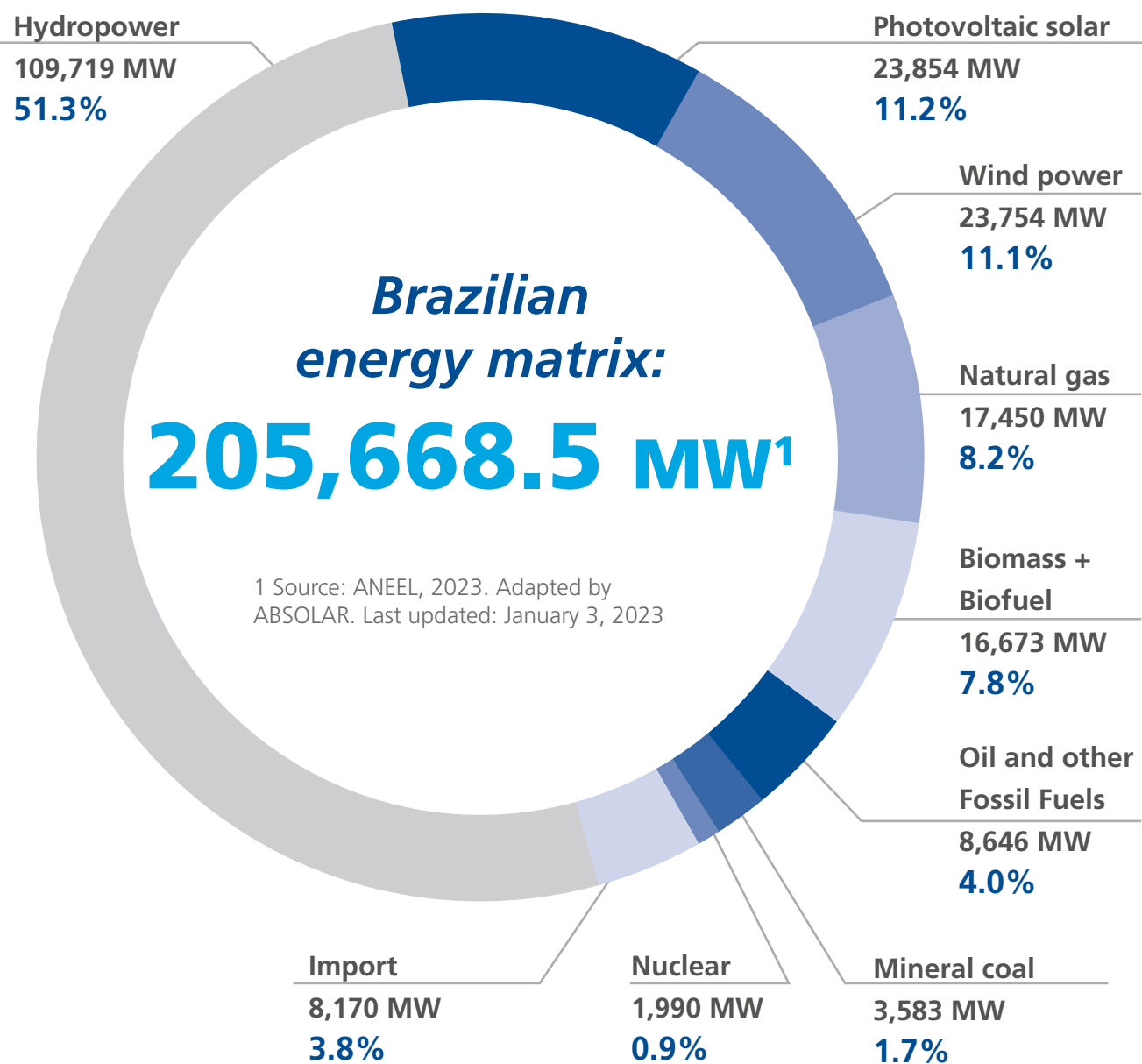
Solar passes wind and is the second largest source in Brazil¹

Registered volume is 23.9 GW of installed power, second only to hydropower, which has more than 100 GW.

The photovoltaic solar source has become the second largest in the Brazilian energy matrix. According to data released by the Brazilian Association of Photovoltaic Solar Energy, this source reached 23.9 GW of operational installed power. Thus, the modality surpassed the wind source, with 23.8 GW, second only to the water source, which currently has 109.7 GW.

¹ Source: <https://www.canalenergia.com.br/noticias/53234514/energia-solar-se-torna-a-segunda-maior-fonte-na-matriz-eletrica-brasileira>.

Installed power in operation in the Country



According to Absolar, the 23.9 GW include the sum of large plants and all self-generation systems in houses, businesses, industries, rural properties and public buildings. This volume, calculates the entity, brought to the country since 2012 more than R\$120.8 billion in investments, created more than 705 thousand job positions and provided R\$38 billion

in collection for the public treasury. With this, it also avoided the emission of 33.3 million tons of CO₂ in power generation. In a note, the association also reinforces that this technology helps to increase supply security, reduce pressure on water resources and protect the population against further increases in the electricity bill.

Energy consumption within CDHU

(GRI 302-1 | SDG 7, SDG 8, SDG 12 and SDG 13)

CDHU's 31 vehicles are fueled exclusively with ethanol, at accredited service stations, managed through a Transport Management Contract. In 2022, the consumption of renewable fuels stood at 1,903.21 GJ (ethanol).



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Energy generated by fuel consumption (GJ)

	2022	2021	2020
Renewable			
Ethanol ¹	1,903.2	1,552.26	1,459.61

Source: Services Center/Administrative Services Management.
1 Source for ethanol consumption calculation: http://www.inee.org.br/etanol_flex_eficientes.asp.

At the regional and technical support offices, the year ended with 9,454.89 GJ of consumed power.

Energy purchased from third parties (GJ)

	2022	2021	2020
Electric Power ¹	9,454.9	1,156.1	1,507.54

Source: Services Center/Administrative Services Management.
1 Source for electric power consumption calculation: <https://convertlive.com/pt/u/converter/quilowatts-hora/em/megajoules>.

The data provided is monitored by the management areas and controlled by the invoices provided, in which the discharge of debts is prepared.

Energy consumption outside CDHU

(GRI 302-2, GRI 302-3 | SDG 7, SDG 8, SDG 12 and SDG 13)

During the execution of works on housing units in 2022, an average monthly energy consumption of 209 kWh per development was recorded at the construction sites. The total energy consumption for the construction of new housing units was around 19,663 kWh.

For the calculation, data obtained from construction sites were used, with obtainment of the monthly average of energy consumption. Through this calculation, an index of 0.019 MWh/worker was reached, 68% less than the volume consumed in 2021.

Compared to energy consumption in previous years, a 68% reduction in these values can be observed in 2022. The variation in energy intensity is due to the size of the CDHU construction site, which can be larger or smaller depending on multiple factors inherent to the planning and execution of housing programs, as well as the production methods adopted.

The energy consumption data for each project is entered into CDHU Management System (GEM) on a monthly basis. The obligation to register and disclose the energy consumption in each work is a way that the Company found to engage employees in the concern with energy consumption as part of more sustainable processes.

Energy consumption reduction

(GRI 302-4 | SDG 7, SDG 8, SDG 12 and SDG 13)

After surveying the housing units delivered since 2019 with built-in photovoltaic system, CDHU calculates the energy generated by all horizontal units. This generation represents the amount of energy that is no longer consumed by the energy supply utility companies.

The monthly savings history at the end of each year showed great evolution. At the end of 2019, 1,843 housing units had been delivered, generating savings of 147,440 kWh/month. At the end of 2020, another 4,084 units were delivered, which, together with those from 2019, totaled 5,927 HUs, generating savings of 474,160 kWh/month.

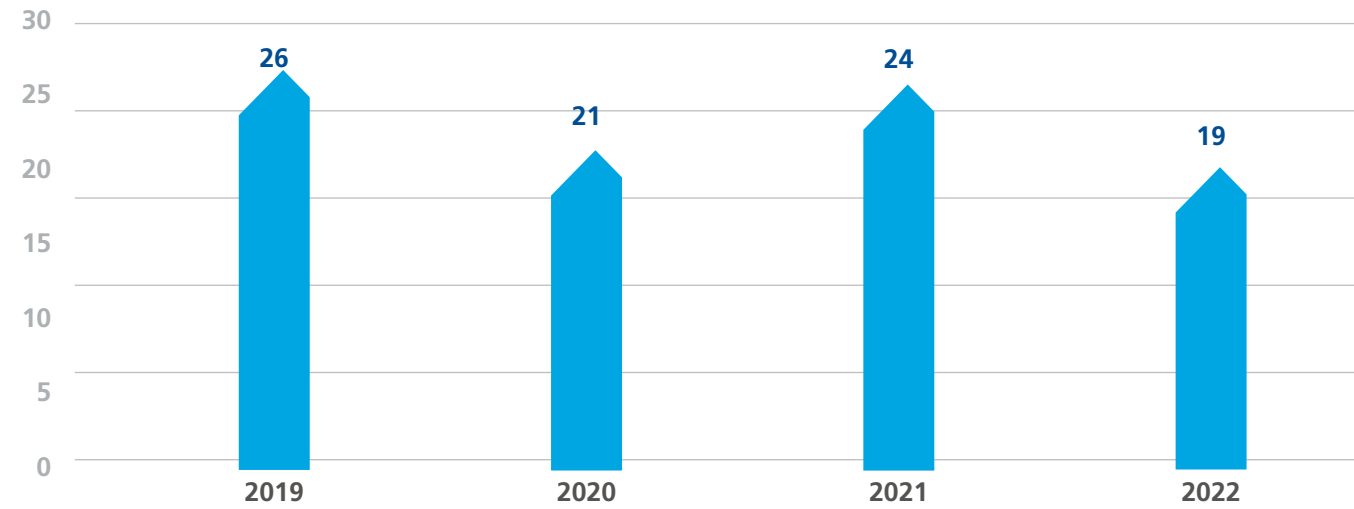
At the end of 2021, the total number of housing units delivered with built-in photovoltaic system was 8,391 units, generating savings of 671,280 kWh/month. At the end of 2022, 9,429 units were delivered, representing savings of 754,320 kWh/month.

Reduction in energy consumption per year according to the number of housing units delivered (GRI 302-5)

Year	Qty of HUs delivered	Savings in power generation (kWh/month)
2019	1,843	147,440
2020	5,927	474,160
2021	8,391	671,280
2022	9,429	754,320

Source: Technical-Administrative Superintendence.

kWh/worker index (GRI 302-3)



Source: Technical-Administrative Superintendence.

Materials

(GRI 3-3 Materials | SASB | IF-HB-420a.1, SASB | IF-HB-420a.3)

To guarantee the quality of projects and works developed by CDHU, all materials and services related to housing production, especially those with compulsory certification, must be approved by the Housing Construction Quality Program of the State of São Paulo (QUALIHAB).

QUALIHAB was instituted through State Decree No. 41,337, of November 25, 1996, and its main objective is to optimize the quality of materials,

components, construction systems, projects and works in housing developments of the Government of the State of São Paulo, and takes place through execution of sectoral agreements with entities that represent the several production sectors. Based on these agreements, the entities undertake to develop Sectoral Quality Programs (PSQ) – a document that presents the quality matrix for qualification of certain product(s)/service(s) – for their respective areas.

The program requires that the promotion, development, evaluation and qualification of products and services of interest to CDHU

comply with the Brazilian standardization system (Brazilian Association of Technical Standards [ABNT] and National Institute of Metrology, Quality and Technology [INMETRO]), thus having to comply with the main standards regulating the quality of buildings, in particular Brazilian Standard (NBR) No. 15,575, which deals with the performance of residential buildings.

The projects developed by CDHU must also meet the requirements of the performance standard, aiming to increase the quality and useful life of the buildings. An example of compliance with this standard in building projects is given by the specification of tiles and finishes in light colors, especially for the hottest bioclimatic zones in the State, in addition to the specification of frames with dimensions and features that meet the requested attenuation indices of noise and thermal and luminous performance of environments. The products certified by QUALIHAB include some examples with parameters aimed at sustainability, such as:

- Sectoral Quality Program (PSQ) for sanitary fittings, which has performance requirements compared to those of the AQUA seal (sustainability seal), for example by limiting the tap pressure to 300 kPa, and also specifying the presence of energy-saving components, such as aerators; and
- PSQ of sanitary ware, more specifically in the section referring to toilets with a tank, as they must consume between 5.8 and 7.1 liters of water per flush.

Forty-one entities have already joined and signed the agreements. They include those representing the sectors of cement, lime, PVC pipes and connections, concrete blocks and ceramic blocks, in addition to those highlighted above, to name only the commonest products in the Company's works, and several engineering and architecture entities, to develop programs in the fields of geotechnics, foundations, topography, civil construction and others.

It means that the quality of CDHU's final product, that is popular housing, will be guaranteed at all stages, from conception to execution, from the drawing board to the construction site, from foundations to roofing, and from masonry to coatings.

CDHU's projects are governed by the Company's own Technical Project Manual, and, for building performance indicators, the following standards are particularly used: (SASB | IF HB 410a.1)

- **ABNT NBR 15,575-1:** Residential Buildings – Performance – Part 1: General Requirements;
- **ABNT NBR 15,575-2:** Residential Buildings – Performance – Part 2: Requirements for Structural Systems;
- **ABNT NBR 15,575-3:** Residential Buildings – Performance – Part 3: Requirements for Flooring Systems;
- **ABNT NBR 15,575-4:** Residential Buildings – Performance – Part 4: Requirements for Internal and External Vertical Sealing Systems;
- **ABNT NBR 15,575-5:** Residential Buildings – Performance – Part 5:

- Requirements for Roofing Systems; and
- **ABNT NBR 15,575-6:** Residential Buildings – Performance – Part 6: Requirements for Hydro-sanitary Systems.

Considering that the objective is to achieve quality in construction, it is important to emphasize that meeting good performance according to criteria established by NBR No. 15,575/13 promotes satisfactory conditions for the people who use these houses.

The level of adaptation and expectation of comfort of the housing user is strongly influenced by the climatic conditions, sunlight and external noise existing at the construction site and, therefore, the knowledge of these local conditions and use of the strategies established by the standard is of great relevance for the performance and resource efficiency of that building.

CDHU qualified 39 of its typologies for their frame performance. The typologies of projects developed by the Company comply with the provisions of the Performance Standard (NBR No. 15,575). Ten projects use such typologies and meet the performance standard for covering 11,228 HUs, and 76 projects with works under construction covering 6,893 HUs. In 2022, a total of 18,121 housing units were qualified by CDHU, in several stages of feasibility. CDHU provides its borrowers with the owner's manual with guidelines for the use and maintenance of housing units. (SASB | IF HB 410a.3)



Learn more: To learn more about QUALIHAB Program, [click here](#).

Eco-efficient equipment

(SASB | IF-HB-410a.4)

During 2022, the housing and urban standards adopted after the studies carried out by the Innovation and Sustainability Committee were maintained through sustainable solutions for urban drainage and the use of eco-efficient equipment in housing units, including the use of water consumption reducing equipment, such as VDR-type toilets (reduced flush volume), faucets with aerators/pressure reducing valves, as well as individualized water metering in multi-family housing developments, in addition to the photovoltaic system incorporated into all single-family housing units.

CDHU does not certify its hydraulic installations according to the WaterSense system. However, 100% of the hydraulic installations have TESIS certification through QUALIHAB. (SASB | IF-HB-410a.2)

The certification covers the main points:

- Water saving apparatus;
- sanitary fittings;
- reservoirs;
- tubes and fittings; and
- PVC pipes.

Benefits are communicated through borrower's manuals, delivered to beneficiaries.

Water and effluents

(GRI 3-3 Water and effluents, GRI 303-1 | SDG 6 and SDG 12)

The conservation and best use of water are important concerns for the Company, as this is a vital input for its operations. Reducing consumption and reusing water throughout the value chain is critical. Water management is part of CDHU's strategy, which invests in studies to implement rainwater reuse projects in projected housing units, as well as the individualization of water metering in multifamily housing developments and the use of equipment to reduce water consumption in its developments (VDR-type toilets and faucets with aerators/water-reducing valves). In 2022, the average monthly consumption of water per development in the construction of new housing units was around 42 m³. Using the number of workers at each site, the Management System recorded that the monthly average consumption per worker was 3.9 m³/worker.

The total amount of water consumed at construction sites for housing units in 2022 was 7.68 megaliters, considering that in December 2022 we had 183 developments under construction and a total of 23,558 HUs on site.

CDHU has been monitoring water consumption at construction sites and is studying the possibility of implementing metrics to be adopted in the coming years, so as to progressively increase awareness about conscious consumption among its suppliers.

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For implementation of its developments, CDHU obtains all the necessary approvals and licenses to start works, strictly following the guidelines established by the utility company responsible for supplying water, collecting and treating sewage in each of the municipalities, also carrying out the works necessary (with its own resources or through partnerships) for catchment, treatment and final destination of effluents generated in the housing complexes.

CDHU only allows the occupation of developments where there is availability of treated drinking water and systems for the treatment and proper disposal of domestic effluents, made available by sanitation

companies, such as SABESP or municipal companies, or even autonomous companies authorized by the respective municipalities.

As for treated water, sanitation companies are obliged to indicate the point of interconnection for the new network that will serve the development. Projects and executions comply with the Brazilian standards, in particular NBR No. 12,218 – water distribution network design for public supply, and the rules and recommendations of the respective utility company, among others. The responsibility for water quality rests with the sanitation companies.

Regarding the sewage network, already in the project phase, solutions are required for networks/collectors and, in particular, adequate treatment stations, which must be approved and authorized by the Environmental Company of the State of São Paulo (CETESB). Exception is made to serve isolated non-urban communities (indigenous and *quilombola* communities), where an isolated effluent treatment system can be designed, which must also have proven effectiveness.

Within the scope of interactions with water as a shared resource, the Executive Board for Planning and Projects has been developing, in service provision contracts, projects for solutions for the use of rainwater according to the list below:

- For the Sports Department of the State of São Paulo, CDHU developed Mário Covas

Olympic Center Project, which included the use of rainwater to irrigate the grass field;

- for FUSSP, CDHU developed several Praças da Cidadania projects that include technical schools. The design of these buildings included the use of rainwater in toilets; and
- for the Municipal Department of Education, CDHU has been developing school renovation projects including the use of rainwater for use in garden faucets and washing.

Water disposal

(GRI 303-2 | SDG 6)

CDHU only allows the occupation of developments where there is proper treatment and disposal of domestic sewage. With regard to rainwater drainage, all developments are designed taking into account regulatory data and adequate urban drainage devices, so that there is no environmental damage. In addition, in compliance with State Law No. 12,526¹, of January 2, 2007, all condominiums or equipment built by CDHU in lots with more than 500 m² of waterproofed area are equipped with a rainwater retention reservoir to cushion and minimize flood flow problems.

In allotments, in addition to the permeable areas required by CETESB, the sidewalks are concreted only in the 1.20 meters strip, and, between the curb and this concrete

¹ Brazilian State Law: <https://www.al.sp.gov.br/repositorio/legislacao/lei/2007/lei-12526-02.01.2007.html>.

strip, there is a strip of grass to allow water to penetrate the soil. The slopes resulting from level adjustments in the earthworks are sodded, both to allow the infiltration of rainwater into the soil and to avoid erosion and soil surface washing, which could lead to siltation of roads and galleries, which have as their final destination the watercourses, in other words, it helps to avoid floods.

Lots located in flood zones

(SASB | IF-HB-420a.1)

For current CDHU developments in areas subject to flooding, studies taking into account the following return period are currently being conducted:

- For hydrological studies of flood levels: 100 years.

For all developments:

- For storm sewers: 10 years;
- for curbs and gutters: 10 years; and
- for watercourse channeling: 25 or 100 years.

As to the choice of locations for the developments, when outside the metropolitan and coastal regions, where the offer of areas for implementation of housing subdivisions is large and less costly, inappropriate locations in terms of flood risks are discarded and the respective Municipalities are requested to indicate new plots of land.

For metropolitan and coastal regions, on the other hand, where the amount of available plots is low and, when available, are costly, a feasibility study is carried out

taking into account the flood levels. If the study carried out to solve the problem results in a viable investment, the plot is used by CDHU. Otherwise, it is discarded and/or is set aside until there is a solution that makes it appropriate.

CDHU is a company that cares for compliance with Brazilian laws and regulations, as much as any other responsible and reputable company.

Data for projects are taken from Brazilian references, in particular from [CDHU Project Manual](#). Flood levels are consulted in the bodies of the municipality where the development will be implemented, when it comes to metropolitan or coastal regions. If the municipality does not have such information, hydrological studies are contracted to determine such level.

For instance, in 2022 occurred the case of Igarapava F, where, despite the large difference in altitude between the implementation levels of the housing units and the bank of the stream that borders the plot of land, there is a project for an aerial transposition (apparent) of water and sewage networks over the stream, which led to the need to carry out a hydrological study to determine the flood spots.

Biodiversity

(GRI 3-3 Biodiversity, GRI 304-1, GRI 304-2 | SDG 6, SDG 14 and SDG 15)

The Company operates throughout the State of São Paulo implementing housing developments, often close to sensitive areas or areas of high environmental value, such as the areas defined by law as Permanent Preservation Areas (APP), located in the lanes next to streams or springs or with remnants of significant vegetation.

In the case of regions with environmental weaknesses – high slopes and/or protected environments – such as the interventions in Serra do Mar and protected areas on the coast, the Company seeks to implement developments that meet the housing demands of the population in these areas, complying with preservation laws and occasional environmental compensation needs required by law. All of the Company's developments are previously approved by licensing bodies and comply with municipal, state and federal laws.

Within the scope of the agreements entered into with the municipal governments that enable the developments, it is defined that CDHU shall implement the measures proposed in the Term of Commitment for Environmental Recovery (TCRA), an instrument signed upon approval by GRAPROHAB, by way of consideration, the municipal governments assume the maintenance and generation of reports every 12 months, for 48 months after implementation of the TCRA, guaranteeing its performance.

After planting, insect and invasive plant controls must be carried out for the period necessary for the seedlings to take hold and, as failures occur, the seedlings must be replaced.

When the TCRA is under the responsibility of CDHU in a given development, the Company hires specialized companies to carry out the work.

As a starting point for its development projects, CDHU incorporates local features to the developments, thus taking advantage of the existing vegetation, preserving it and integrating it into its urban design. For instance, it places squares at the locations with the highest number of trees, obtaining a more welcoming result when the development is completed. If it is necessary to cut down isolated trees or suppress a fragment of native forest, a compensation project is prepared. These projects and also those for recomposition/revegetation of green areas/leisure systems/ APPs follow the criteria of quantity and diversity defined in the Department for Infrastructure and Environment (SMA) Resolutions No. 7/2017 and No. 72/2017. (GRI 304-2)

In defining the implementation approach, it seeks to perform earthworks in a manner in which there is a balance between cut and fill volumes, avoiding both the export and borrowing of soil. Large soil movements are avoided, not only for economic reasons

but also for safety reasons, using controlled slopes of medium heights.

Earthwork projects are always complemented with soil composition surveys and/or other tests such as triaxial tests, in case of specific need, guaranteeing the feasibility of the proposal.

If the existence of rubble and/or garbage is identified during an inspection in the area, a specialized company is requested to prepare an Environmental Assessment Report. This report consists of a preliminary stage and a confirmatory stage, if necessary, addressing physical-chemical aspects. If contamination is identified, a proposal for recovery or mitigation of its effects is prepared.

All developments have projects for collection and disposal of rainwater in surface systems or in underground rainwater harvesting systems leading it in a controlled manner to streams. In particularly steep areas, temporary drainage projects are prepared with a view to carrying out the work safely.

For the management of waste and impacts on habitat during the works, a plan/project is prepared for this management at the time of installation of the construction site.

The aim is also to minimize soil sealing by incorporating, for example, green strips on the sidewalks. The minimum standard sidewalk is 2 meters wide, with 1.20 meters of sidewalk and 0.80 meters of grass. In these green strips, municipal governments provide support by planting an ornamental/fruit tree seedling at

least 1.60 meters high in front of each lot in all horizontal developments.

Protected or restored habitats

(GRI 304-3 | SDG 6, SDG 14 and SDG 15)

The Company encourages landscaping designers to insert plant species that are little used on a commercially basis, particularly those that are attractive to the flora, with the aim of increasing the diversity of plant and fauna species in the locations. The TCRA's contemplate Areas for Vegetation Recomposition, Compensation and Preservation.

Below, a summary of the Terms of Commitments and Environmental Recovery signed and implemented in 2022, within the scope of projects prepared by CDHU.

In all CDHU ventures, there is a plan for the restoration or replanting of areas, in compliance with CETESB specific law

The Company complies with CETESB's specific laws, therefore, all developments with plans for recomposition or reforestation of areas have their projects prepared by a competent

Terms of Commitments and Environmental Recovery (TCERs) signed and implemented in year 2022

(GRI 304-3)

TCERs in 2022	Executed	Implemented
Implemented TCERs	19	21
Developments with completed planting	–	24
TCERs planting area, TCAs and condominium leisure systems	182,261.04 m²	190,358.72 m²
No. of trees	8,927	16,256

Source: Superintendence of Housing and Urban Projects.

professional, such as an agronomist or forestry engineer. The projects meet the guidelines for quantity and diversity set forth in state laws and, in general, include the following conditions in the lists of species to be implemented: near-threatened species, endangered species, vulnerable species and critically endangered species.

For forest recovery in rural or urban areas originally occupied by savannah and/or forest environments, CDHU is guided by SMA Resolution No. 8/2008, which lists tree species and indicates their natural occurrence in biomes/ ecosystems and ecological regions of the State of São Paulo, with successional classification and category of threat of extinction. These are guidelines for proposals with percentages of categories for recomposition.

Considering the variations of species available in the nurseries at the time of planting, CDHU accepts the exchange of species for others of the same risk category,

as long as the specific proportions in projects are maintained. Through SMA Resolution No. 7/2017, CDHU adopts the criteria and parameters for environmental compensation for suppression of vegetation with isolated trees and permanent preservation areas. And for procedures for requesting suppression of native vegetation for subdivision of condominium land and clarification in a permeable area in the urban area, it abides by SMA Resolution No. 80/2020. As to guidelines for preparation, execution and monitoring of Ecological Restoration Projects in the State of São Paulo, in addition to criteria and parameters to evaluate their results and certify their completion, it adopts SMA Resolution No. 32-2014. (GRI 304-4 | SDG 6, SDG 14 and SDG 15)

Emissions

(GRI 3-3 Emissions, GRI 305-1, GRI 305-2 | SDG 3, SDG 12, SDG 13, SDG 14 and SDG 15)

CDHU began studies to quantify greenhouse gas (GHG) emissions. The survey will be carried out on 2 fronts:

- a) One to analyze energy consumption related to the construction of a building, taking into account the life cycle of the work's inputs, from their exploitation to the moment of their use in the construction phase. To perform this calculation, the CECarbon tool will be used. To begin the studies, a single-family housing unit and another multi-family housing unit will be analyzed. Thus, it will be possible to evaluate the emissions generated by a standard unit and, based on this information, create metrics that can be multiplied according to the number of units delivered; and
- b) in parallel to the carbon emission studies at the works, data from the company's headquarters will be collected to determine its carbon footprint. For this survey, the tool to be used will be Climatech, which calculates CO₂ emissions generated based on information such as the number of employees, percentage of workers in home offices or physical offices, average expenditure of employees on transportation (fuel, taxis, apps), air travel, monthly cost of the office electricity bill, type and quantity of air conditioners.

Environmental assessment of suppliers
(GRI 3-3 Environmental assessment of suppliers)

All CDHU suppliers are contracted through public tenders, in accordance with Federal Law No. 13,303, of 2016, and Brazilian companies may participate, regardless of their location, with the obligation to abide by the clauses referring to human rights, environmental and social criteria practiced by the Company. Thus, focusing on the best proposal, aiming to achieve the public interest, the Company does not treat differently and does not make any kind of restriction on the participation of suppliers in public tenders for the acquisition of goods and services. (GRI 308-1)

During 2022, there was no significant change in the supply chain, since the contracts/agreements continued. Also, no environmental damage was found during the execution of works and services being developed by CDHU, therefore, there were no significant negative environmental impacts identified in the supply chain. These data reflect 100% of contracts/agreements signed for housing production. (GRI 308-2)

Waste
(GRI 3-3 Waste, GRI 306-1, GRI 306-2 | SDG 3, SDG 6, SDG 8, SDG 11, SDG 12 and SDG 15)

CDHU monitors the amount of waste generated in its works, globally, without discriminating its different classifications. This occurs by means of a survey of the total volume of waste produced in each work, which is subsequently destined for disposal duly legalized/registered at CETESB. These actions are supervised by the managers contracted by CDHU. There is an obligation to present the respective receipts issued by "bota-fora" (junk removal) service when

accepting the waste. Despite the fact that there are no records of the composition of the waste, efforts are made to ensure that the total volume is properly disposed. CDHU is concerned with the proper disposal of waste generated in the headquarters building, relying on a specialized company that classifies waste by type (Classes A, B, C or D) and is responsible for its final destination. At the regional headquarters, garbage is collected and its final disposal is carried out by municipal public services, which comply with environmental laws.

Waste at construction sites is also subject to treatment, as from developments planning stage. It is mandatory to estimate the amount of waste, especially that derived from earthwork and demolition, if any. Services for removal and adequate final disposal are priced and make up the budget worksheet for developments. The construction site waste management instrument, when required by municipal/state laws, is the Civil Construction Waste Management Plan. It is part of the work approval process, and provides for recycling in the construction sites. The management begins during the development planning stage and extends to the construction phase. Here, there are also defined procedures: inspection of 100% of the developments and proof of disposal in junk removal services legalized by CETESB (receipts issued upon acceptance of waste). These are consolidated processes within the scope of civil construction, provided for in contracts with contractors, and considered from the design phase to

the execution of the work. As previously mentioned, CDHU monitors the volumes removed and not the types of waste, and this process can be continuously improved. Waste management at CDHU can be divided into two distinct categories, with a view to monitoring it: (GRI 306-1)

1. Waste from or generated as a result of the Company's core activity, which is the production of projects and works for social housing and urban interventions in several cities in the State of São Paulo; and
2. waste from or generated by supporting activities in the Company's administrative units. According to the National Environmental Council (CONAMA) Resolution No. 307/2002, construction waste is classified as follows:
 - **Class A** – Class A waste in civil constructions is represented by materials that can be reused in the work itself. In addition, if they cannot be used in the same construction, they can be sent to material recycling units or landfills suitable for civil construction materials. Thus, they can be disposed for future recycling or reuse. As an example of class A materials, we have: ceramic materials, masonry blocks or bricks, tiles, mortar, concrete and earthwork soils;
 - **Class B** – Class B waste is waste that can be recycled for other purposes. Such waste includes, among others: paper and cardboard, plastics, metals, glass, wood, plaster;

- **Class C** – Class C waste is material that cannot be recycled, as there are still no techniques for the reuse process. Therefore, these materials require special attention during the process of execution of a work so that there is no waste of materials. Examples of class C waste are any material that does not fit into the classification of class D waste. This waste must be separated from waste from other classes and sent to landfills prepared for its receipt; and
- **Class D** – Class D waste is hazardous material that can cause harm to human and animal health and the environment. Examples of class D waste include paints, solvents, varnishes, asbestos materials and tiles, contaminated classes A, B and C materials.

When required by the municipality, the Civil Construction Waste Management Plan (PGRCC) is prepared, aiming at approving the development with waste classification in accordance with CONAMA Resolution No. 307/2002. In the period between September 15, 2021 and September 14, 2022, CDHU issued 10 PGRCCs during project stage, as required by municipalities. There was an expected generation of 137,431.20 m³ of waste in the works, with 855.31 m³ of this volume to be recycled in the same works and with disposal of 136,575.89 m³ in legalized places, according to the category.

The works that took place between September 2021 and September 2022 generated 137,431 m³ of waste at CDHU works. Of this volume, 855 m³ were sent for recycling and 136,575 m³ for disposal.

(GRI 306-3, GRI 306-4, GRI 306-5)

With regard to the final destination given to the waste, it is important to note that the destination of the materials occurs in transshipment and sorting areas, recycling areas and duly licensed landfills for civil

Waste generated in works	Expected volume (m ³)
Class A	130,519.48
Class B	6,504.76
Class C	123.68
Class D	205.76
Mixed Class	77.52
Total	137,431.20
Waste generated for recycling	Expected volume (m ³)
Class A	435.90
Class B	419.41
Total	855.31
Resíduos gerados para descarte	Expected volume (m ³)
Class A	130,083.58
Class B	6,085.35
Class C	123.68
Class D	205.76
Mixed Class	77.52
Total	136,575.89

Source: Superintendence of Housing and Urban Projects.

construction waste. It is expressly prohibited the disposal of waste generated in the works in solid urban waste landfills, sanitary landfills, in dump areas, on slopes, bodies of water, vacant lots and in areas protected by law.

Management of significant impacts of generated waste

(GRI 306-2)

In the Company's Invitation to Bid, it is specified that all waste must be sent to certified disposal areas. Companies that provide management/supervision services monitor the entire process and certify the volume and destination of waste. Builders still need to present the receipt of the legalized junk removal services regarding acceptance of the discarded material. Failure to submit results in warnings and, in recurring cases, in contractual fines (in 2022, no contractual fines were applied for this reason). In more serious cases, CDHU reports the contractor to CETESB and/or the Environmental Police (in 2022 there was no need to report any contractor to these bodies).

In CDHU's **Decentralized Regional Offices** (11 units) the unit's own management is responsible for such activities in partnership with the municipality.

In Buildings Cidade I, II and IV

(Condominium) there is collection and final disposal of waste generated by a company contracted through public tender with all the legal documentation and certification for execution of the services. There is also a recycling program with provision of bins for the selective waste collection (glass, paper, metal, plastic), as well as collection and separation of waste per building floor, which is performed by the company contracted for cleaning services. As informed in item a, there is a company contracted for the removal and final destination of the waste generated. Below, the estimated monthly quantities:

Item	Storage	Estimate month collection
Class I Waste - Lamps	Boxes	1,000
Class I Waste - Miscellaneous	Metal Drums (INMETRO homologated)	2
Class II A Waste (non-inert) Organic Waste	8 m ³ Stationary Compactor Bucket	5
Class II-B waste (inert) Civil Construction – non-recyclable	5 m ³ Stationary Bucket	8

Source: Superintendence of Housing and Urban Projects.



About the Report

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About the Report

(GRI 2-2, GRI 2-3)

As a public company controlled by the Government of the State of São Paulo, Companhia de Desenvolvimento Habitacional e Urbano do Estado de São Paulo [Housing and Urban Development Company of the State of São Paulo (CDHU)] complies with the requirements of Federal Law No. 13,303/2016 (Government-Controlled Companies Law), which, in its article 8, establishes that government-controlled companies and mixed-capital companies must observe minimum transparency requirements, including the annual disclosure of an integrated or sustainability report.

CDHU has already been complying with this precept, having accepted demands from the Fiscal Board, the Board of Directors and CODEC in the sense of providing greater transparency to the actions and sustainability guidelines involved in its management. Thus, since 2009, it has been adopting the Global Reporting Initiative (GRI) standards upon preparation of annual sustainability reports, which encompasses the company's performance in the economic, environmental, social and governance areas.

As an international reporting structure, the GRI standards allows aligning the highest sustainability concepts, making reports comparable, and can help both managers and the external public to be able to understand the complexity and challenges faced by the Company in its activity.

The data reported here cover the period from January 1, 2022 to December 31, 2022 and present, with transparency and objectivity, the main results related to topics considered material by the company, as well as deals with policies, practices, performance and management of all the Company's operations in the State of São Paulo. Financial and management information are calculated for the same period. In addition, for this financial year reporting, CDHU opted to voluntarily adhere to the Sustainability Accounting Standards Board (SASB) indicators of the Home Builders sector. In 2022, there was no reformulation in the reporting period. (GRI 2-4)

CDHU's Sustainability Report covers only and exclusively CDHU, with no shareholding in other entities. The scope is covered by the Annual Financial Statement. The Management Report and the Sustainability Report are published on the same date.

Both the financial statement and the Sustainability Report are published simultaneously in the Official Gazette of the State of São Paulo. The Report for the 2021 financial year was published in the Official Gazette of the State of São Paulo on March 29, 2022.

To access these referenced documents for year 2021, consult the publications that occurred on March 24, 2022, available in the Official Gazette of the State of São Paulo and on the company's institutional website.

ESG Commitments

CDHU tirelessly seeks to align social, environmental and governance concerns with the Company's business strategies and processes, as a fundamental step towards building a safe and gradual path towards the adoption of integrated reporting, in accordance with the principles and guidelines of the International Integrated reporting Council (IIRC).

Currently, the economic indicators published in the Financial Statements are evaluated by an independent external audit every year, as required by the State control and inspection bodies, and their results are validated by the CEO of CDHU and then presented to the Statutory Audit Committee and to the Board of Directors. (GRI 2-5)

In this cycle and in the next ones, CDHU maps all sources of information and manages indicators more rigorously, following the guidelines of the frameworks it reports. CDHU seeks to align its sustainability reports with the Integrated Reporting principles and, for the three-year period 2022-2024, the goal is to gradually apply the IIRC requirements, reinforcing controls, information records and information traceability. (GRI 2-5)

In compliance with the established governance procedures, the publication was analyzed and approved by the Company's senior management. The report preparation process is monitored by the Statutory Audit Committee. The approval process includes submission to the President, who forwards it to the

Executive Board and the Board of Directors. Material issues management involves the different areas of the Company and, in the most strategic issues, it can count on the support of CDHU's Managing Committee for the Strategic Actions and Investment Plan, as well as the Innovation and Sustainability Committee, both composed of representatives from all relevant areas. With this, there is the possibility of a gradual increase in improvements and incorporation into the routine of the areas involved. (GRI 2-14)

The production of the Report involved the participation of a specialized consultancy.

External verification

(GRI 2-5)

CDHU performs external verification of its financial statements every quarter, verification which is conducted by independent audit, and, annually, they are integrated and published together with the Sustainability Report and with the Management Report/ Governance Charter – paying attention to consistency of the information of all these instruments, each fiscal year, all of which are submitted for validation and approval by the competent bodies, which include the Full Board of the Company and the Statutory Audit Committee, the Fiscal Board and the Board of Directors. In the cycle of Sustainability/Integrated Reports started in 2022 (base year 2021), in addition to maintaining the emphasis on actually incorporating sustainability into the Company's business strategies and processes,

the possibility of building a gradual path of verification complementation is being evaluated, with its pertinence and the possibilities of realization being assessed. One of the points to be verified along the way is the internal audit, whose activities in preparation may include this topic.

Regardless of that, the Company has sought, at each cycle, to improve and format the documented reference bases of the reported indicators, all with a view to the continuous improvement of controls and information records, description of sources, etc. With this, CDHU hopes to make possible the extensive tracking of information.

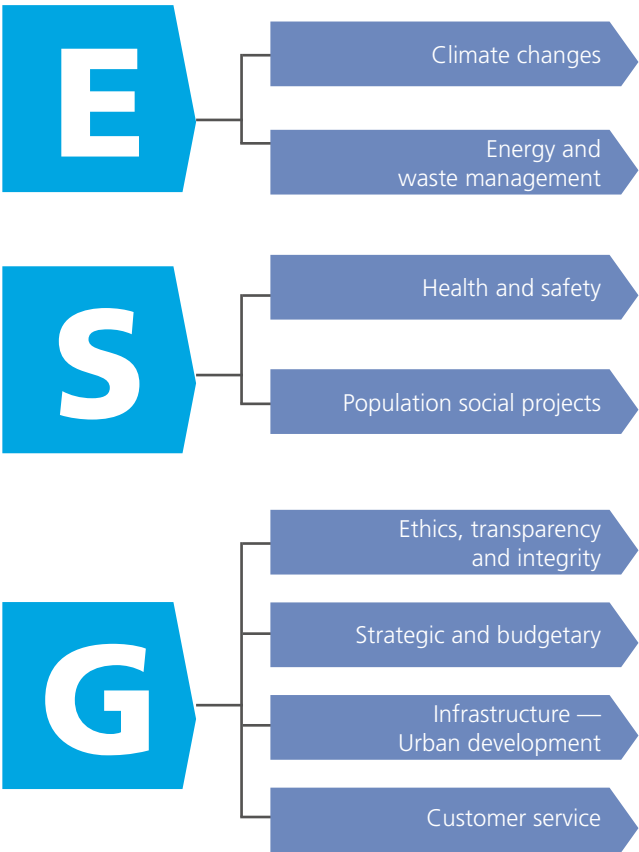
CDHU has sought to improve the process at each cycle of reports and indicators, mapping all sources of information in an increasingly rigorous manner and promoting the registration of how indicators are managed, in order to follow the GRI standards.

The integrated work and the compatibility of the audited financial statements with the Sustainability Report and the Management Report/Governance Charter has been more precise every year, with special monitoring by the Statutory Audit Committee and the independent member of the Board of Directors. As a result, adjustments have been made in the form of reporting indicators with this more prominent interface, and consistency has been achieved enabling the public disclosure of the 3 items together.

Materiality

For preparation of the 2022 Sustainability Report, the material topics evaluated and approved by the management reflecting the main interests of the stakeholders in relation to the Company, previously presented by the Materiality Matrix, were considered. In the case of CDHU, the process was carried out in 2021 to be valid during the 2021–2022 period. The survey was carried out via an electronic questionnaire, with participation of 465 guests. Of these, 206 responded, resulting in an adherence of 44.3%, the second highest participation since 2014, the date from which these surveys have been carried out. (GRI 3-1)

Material topics 2021/2022 (GRI 3-2)



Except for health and safety and climate change, which emerged in the 2021 survey, all other topics are directly related to the public housing policy in the State of São Paulo, considering the role that this policy plays in structuring and qualifying the territory (infrastructure / urban development: water, energy and waste), with a focus on environmental issues (climate changes). Added to this is CDHU's institutional mission of promoting decent and affordable housing for the most vulnerable sections of the population, who are not served by the formal real estate market, closely related to the topics of efficiency in customer service and service to the population in social projects.

To face the main housing and urban issued in the State of São Paulo, particularly in the metropolitan regions where the largest contingent of low-income population residing in incomplete and precarious urbanization areas is concentrated and, consequently, the highest incidence of issued and demands for social interest housing, the topic of strategic and budgetary planning is fundamental. This topic also concerns the Company's management and its relationship with the State Government, since the planning and budgetary management instruments are approved by law every 4 years - Multi-year Investment Plan and every fiscal year - Budgetary Guidelines Law and Annual Budgetary Law.

Ethics, transparency and integrity in the Company's actions and the relationship

with stakeholders have been highlighted, mainly due to the most recent laws and society's view of public companies, in accordance with Federal Law No. 13,303/2016 and regulatory decrees.

These topics, with some variations, remain relevant for CDHU's sustainability reports, as they contribute to achieving its objectives with socio-environmental responsibility. Attention is drawn to the importance given in this cycle to the issue of health and safety, possibly resulting from the COVID-19 pandemic, the impacts of which imposed major economic, administrative and management challenges, both for the company's staff and for its target group. The topic of climate change has also been gaining relevance, particularly when dealing with a report that aims to cover sustainability issues in their social, environmental, economic and governance dimensions. (GRI 3-2)



Learn more: To access sustainability reports published since 2012, [click here](#).

Positive impact: CDHU and the Sustainable Development Goals

With the 2030 Agenda for Sustainable Development, world leaders set out in 2015 an ambitious path to eradicate poverty, fight inequality and injustice, and protect the planet. Member States of the United Nations have unanimously agreed on 17 Sustainable Development Goals (SDGs), making them a global agenda for sustainable development. With its 169 targets, the SDGs provide an integrated, holistic and coherent framework for addressing the world’s most pressing sustainability challenges and for creating a better future for all.



CDHU’s work has a strong connection with the United Nations (UN) Sustainable Development Goals, specifically with **SDG 11: Make cities and settlements inclusive, safe, resilient, and sustainable**. According to the United Nations, SDG 11 aims to ensure access for all to safe, adequate and affordable housing, including access to basic services and slum urbanization by 2030.

CDHU intervenes in the urban development of cities, promoting housing provision programs, urbanization of precarious settlements, housing and urban reclassification and land regularization of social interest, in addition to contributing to the economic and social development of underprivileged communities and municipalities.

Viver Melhor Program deserves to be highlighted for its focus on improving the living conditions of low-income families, contributing to the qualification of inadequate houses located in settlements in the process of land regularization, enabling health, habitability and accessibility to housing, at no cost to families.

Through its housing programs, CDHU contributes to the achievement of other SDGs, specifically:

• **SDG 2: Good Health and Well-Being and SDG 6: Clean Water and Sanitation.** Vida Digna Program makes it possible to remove a population in a situation of health vulnerability, which results from direct contact with the vectors that cause numerous diseases transmitted by water pollution. In addition, with actions for the protection and recovery of fountainheads in the Metropolitan Region of São Paulo, CDHU assumes a relevant role in the field of urban and regional development.



• **SDG 1: No Poverty, SDG 8: DECENT WORK AND ECONOMIC GROWTH SDG 10: Reduced Inequalities.** By promoting dignified housing conditions, CDHU’s housing programs contribute to tackling the main housing and urban problems, specially in metropolitan regions where the largest number of low-income populations residing in areas of incomplete and precarious urbanization are concentrated, strongly contributing to the solution of socioeconomic problems and for the achievement of SDGs 1, 8 and 10.



• **SDG 15: Life on Land:** The actions implemented by CDHU also contribute to the targets within SDG 15, by encouraging landscaping designers to insert plant species that are little used for commercial purposes, in particular, attractive to flora, with the aim of increasing diversity of plant and fauna species in built housing developments, often close to sensitive areas or areas of high environmental value (such as areas defined by law as Permanent Preservation Areas, located in the strips next to streams or springs or with remnants of significant vegetation).





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GRI and SASB Table of Contents

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168 ▲ SASB Table of contents

169 ▲ Exhibits



CONTENT INDEX ADVANCED SERVICE

2023

GRI CONTENT INDEX

Statement of use	The Companhia de Desenvolvimento Habitacional e Urbano (CDHU) has reported in accordance with the GRI Standards for the period 01/01/2022 to 31/12/2022.
GRI 1 used	GRI 1: Fundamentals 2021
Applicable GRI Sector Standard(s)	Not applicable.

For the Table of Contents – Advanced Service, GRI Services has reviewed that the GRI table of contents is clearly presented, consistent with the standards, and that references to all disclosures are correctly included and aligned with the appropriate sections in the body of the Report.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.	PACTO GLOBAL REF. NO.	ODS REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION			
General Disclosures								
GRI 2: General Disclosures 2021	2-1 Organizational details	22 and 174	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.					
	2-2 Entities included in the organization's sustainability reporting	152 and 174						
	2-3 Reporting period, frequency and contact point	152 and 175						
	2-4 Restatements of information	152						
	2-5 External assurance	58 and 153						
	2-6 Activities, value chain and other business relationships	22, 23, 26, 27, 104 and 123						
	2-7 Employees	65 and 66	68 e 10					
	2-8 Workers who are not employees	65 and 66						
	2-9 Governance structure and composition	42 and 43	5 e 16					
	2-10 Nomination and selection of the highest governance body	42, 43 and 44	5 e 16					
	2-11 Chair of the highest governance body	44	16					
	2-12 Role of the highest governance body in overseeing the management of impacts	24 and 56						
	2-13 Delegation of responsibility for managing impacts	43 and 44						
	2-14 Role of the highest governance body in sustainability reporting	153						
	2-15 Conflicts of interest	50	16					
	2-16 Communication of critical concerns	52, 53, 54 and 55						

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.	PACTO GLOBAL REF. NO.	ODS REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION			
	2-17 Collective knowledge of the highest governance body	70						
	2-18 Evaluation of the performance of the highest governance body	70						
	2-19 Remuneration policies	67						
	2-20 Process to determine remuneration	67						
	2-21 Annual total compensation ratio	68						
	2-22 Statement on sustainable development strategy	10						
	2-23 Policy commitments	42 and 169					10	16
	2-24 Embedding policy commitments	42						16
	2-25 Processes to remediate negative impacts	56 and 57						16
	2-26 Mechanisms for seeking advice and raising concerns	42 and 48					10	16
	2-27 Compliance with laws and regulations	61						
	2-28 Membership associations	77 and 78						
	2-29 Approach to stakeholder engagement	50 and 51						
	2-30 Collective bargaining agreements	67		Information unavailable/incomplete.	100% of employees are covered by collective bargaining.		3	8
Material Topics								
GRI 3: Material Topics 2021	3-1 Process to determine material topics	154	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.					
	3-2 List of material topics	154 and 155						
Material Topic: Strategic and Budget Planning								
Economic Performance								
GRI 3: Material Topics 2021	3-3 Management of material topics	104					7	8, 9 and 13
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	105					7	8 and 9
	201-2 Financial implications and other risks and opportunities due to climate change	126					-	13
	201-4 Financial assistance received from government	105					-	-

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.	PACTO GLOBAL REF. NO.	ODS REF. NO.
			REQUIREMENT(S) OMITTED	REASON			
Procurement Practices							
GRI 3: Material Topics 2021	3-3 Management of material topics	74 and 123					8
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	28					8
Material Topic: Ethics, Transparency and Integrity							
Anti-corruption							
GRI 3: Material Topics 2021	3-3 Management of material topics	58				10	16
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	58				10	16
	205-2 Communication and training about anti-corruption policies and procedures	“58, 60 and 61”				10	16
	205-3 Confirmed incidents of corruption and actions taken	61				10	16
Tax							
GRI 3: Material Topics 2021	3-3 Management of material topics	123					1, 10 and 17
GRI 207: Tax 2019	207-1 Approach to tax	123					1, 10 and 17
	207-2 Tax governance, control, and risk management	123					1, 10 and 17
Diversity and Equal Opportunity							
GRI 3: Material Topics 2021	3-3 Management of material topics	74				6	5, 8 and 10
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	74, 75 and 76				6	5 and 8
	405-2 Ratio of basic salary and remuneration of women to men	68				6	5, 8 and 10

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.	PACTO GLOBAL REF. NO.	ODS REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION			
Non-discrimination								
GRI 3: Material Topics 2021	3-3 Management of material topics	64					6	5 and 8
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	-		Not applicable.	We had no record of cases of discrimination in 2022.		6	5 and 8
Child Labor								
GRI 3: Material Topics 2021	3-3 Management of material topics	77					5	8 and 16
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	77					5	8 and 16
Forced or Compulsory Labor								
GRI 3: Material Topics 2021	3-3 Management of material topics	77					4	8
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	77					4	8
Security Practices								
GRI 3: Material Topics 2021	3-3 Management of material topics	74					1	16
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	74					1	16
Rights of Indigenous Peoples								
GRI 3: Material Topics 2021	3-3 Management of material topics	94						12 and 16
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	94 and 96					-	12
Supplier Environmental Assessment								
GRI 3: Material Topics 2021	3-3 Management of material topics	146					8	-
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	146					8	-
	308-2 Negative environmental impacts in the supply chain and actions taken	146					8	-

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.	PACTO GLOBAL REF. NO.	ODS REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION			
Supplier Social Assessment								
GRI 3: Material Topics 2021	3-3 Management of material topics	78				2		5, 8 and 16
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	78				2		5, 8 and 16
	414-2 Negative social impacts in the supply chain and actions taken	79				2		5, 8 and 16
Public Policy								
GRI 3: Material Topics 2021	3-3 Management of material topics	64				10		16
GRI 415: Public Policy 2016	415-1 Political contributions	64				10		16
Material Topic: Efficiency in Customer Service								
Customer Health and Safety								
GRI 3: Material Topics 2021	3-3 Management of material topics	79				-		16
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	79				-		-
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	79 and 80				-		16
Marketing and Labeling								
GRI 3: Material Topics 2021	3-3 Management of material topics	79						12 and 16
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	79, 81 and 82				-		12
	417-2 Incidents of non-compliance concerning product and service information and labeling	-		Not applicable	Cases of noncompliance in relation to information and labeling of products and services have not been identified.	-		16
	417-3 Incidents of non-compliance concerning marketing communications	-		Not applicable	In 2022, no noncompliance actions were recorded in relation to communication and marketing activities.	-		16

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.	PACTO GLOBAL REF. NO.	ODS REF. NO.
			REQUIREMENT(S) OMITTED	REASON			
Customer Privacy							
GRI 3: Material Topics 2021	3-3 Management of material topics	83					16
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	83					16
Material Topic: Health and Safety							
Occupational Health and Safety							
GRI 3: Material Topics 2021	3-3 Management of material topics	71					8 and 16
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	71				-	8
	403-2 Hazard identification, risk assessment, and incident investigation	72				-	8
	403-3 Occupational health services	73				-	8
	403-4 Worker participation, consultation, and communication on occupational health and safety	72				-	8 e 16
	403-5 Worker training on occupational health and safety	71				-	8
	403-6 Promotion of worker health	73				-	3
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	73				-	8
	403-8 Workers covered by an occupational health and safety management system	71				-	8
	403-9 Work-related injuries	72				-	3, 8 and 16
	403-10 Work-related ill health	73				-	3, 8 and 16

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.	PACTO GLOBAL REF. NO.	ODS REF. NO.
			REQUIREMENT(S) OMITTED	REASON			
Material Topic: Investment in Infrastructure – Urban Development							
Indirect Economic Impacts							
GRI 3: Material Topics 2021	3-3 Management of material topics	103					1, 3, 5, 8, 9 and 11
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	118, 119, 120 and 121					5, 9 and 11
	203-2 Significant indirect economic impacts	106, 122 and 123					1, 3 and 8
Material Topic: Climate change							
Biodiversity							
GRI 3: Material Topics 2021	3-3 Management of material topics	143				8	6, 14 and 15
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	143				8	6, 14 and 15
	304-2 Significant impacts of activities, products and services on biodiversity	143				8	6, 14 e 15
	304-3 Habitats protected or restored	144 and 145				8	6, 14 and 15
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	145				8	6, 14 and 15
Emissions							
GRI 3: Material Topics 2021	3-3 Management of material topics	146				7, 8 and 9	3, 12, 13, 14 and 15
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	146		Not applicable.	CDHU began studies to quantify scope 1 greenhouse gas (GHG) emissions.	7 and 8	3, 12, 13, 14 and 15
	305-2 Energy indirect (Scope 2) GHG emissions	146		Not applicable.	CDHU began studies to quantify scope 2 greenhouse gas (GHG) emissions.	7 and 8	3, 12, 13, 14 and 15
	305-3 Other indirect (Scope 3) GHG emissions	146		Not applicable.	CDHU began studies to quantify scope 3 greenhouse gas (GHG) emissions.	7 and 8	3, 12, 13, 14 and 15

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.	PACTO GLOBAL REF. NO.	ODS REF. NO.
			REQUIREMENT(S) OMITTED	REASON			
Material Topic: Assisting the Population through Social Projects							
Local Communities							
GRI 3: Material Topics 2021	3-3 Management of material topics	88				1	1 and 2
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	88 and 90				1	-
	413-2 Operations with significant actual and potential negative impacts on local communities	106 and 110				1	1 and 2
Material Topic: Water, Energy, and Waste Management							
Energy							
GRI 3: Material Topics 2021	3-3 Management of material topics	130				7, 8 and 9	7, 8, 12 and 13
GRI 302: Energy 2016	302-1 Energy consumption within the organization	135				7 and 8	7, 8, 12 and 13
	302-2 Energy consumption outside of the organization	136				8	7, 8, 12 and 13
	302-3 Energy intensity	136 and 137				8	7, 8, 12 and 13
	302-4 Reduction of energy consumption	136				8 and 9	7, 8, 12 and 13
	302-5 Reductions in energy requirements of products and services	130 and 137				8 and 9	7, 8, 12 and 13
Water and Effluents							
GRI 3: Material Topics 2021	3-3 Management of material topics	140				8	6 and 12
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	140				8	6 and 12
	303-2 Management of water discharge-related impacts	141				8	6
	303-5 Water consumption	140				8	6

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.	PACTO GLOBAL REF. NO.	ODS REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION			
Waste								
GRI 3: Material Topics 2021	3-3 Management of material topics	146					8	3, 6, 11 and 12
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	146 and 147					8	3, 6, 11 and 12
	306-2 Management of significant waste-related impacts	146 and 149					8	3, 6, 11 and 12
	306-3 Waste generated	148					8	3, 11 and 12
	306-4 Waste diverted from disposal	148					8	3, 11 and 12
	306-5 Waste directed to disposal	148					8	3, 11 and 12
Materials								
GRI 3: Material Topics 2021	3-3 Management of material topics	137					7 e 8	8 and 12
GRI 301: Materials 2016	301-1 Materials used by weight or volume			Not applicable.	The contract with builders does not provide for report of material consumed, as CDHU contracts the final product and not the amount of material consumed and, therefore, the materials used are not discriminated by weight or volume.		7 e 8	8 e 12
	301-2 Recycled input materials used			Not applicable.	The contract entered into with builders does not provide for report of material consumed, as CDHU contracts the final product and not the amount of material consumed.		8	8 and 12
	301-3 Reclaimed products and their packaging materials			Not applicable.	CDHU's (final) products do not have packaging (houses, apartments, letters of credit, provision of services); therefore, they are not recovered after use.		8	8 e 12

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.	PACTO GLOBAL REF. NO.	ODS REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION			
Topics in the applicable GRI Standards determined as not material								
Employment								
GRI 3: Material Topics 2021	3-3 Management of material topics	64				6		3, 5, 8 and 10
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	64 and 65				6		5, 8 and 10
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	68				-		3, 5 and 8
	401-3 Parental leave	69 and 70				6		5 and 8
Labor/Management Relations								
GRI 3: Material Topics 2021	3-3 Management of material topics	67					3	8
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes			Information unavailable/incomplete.	If CDHU, for any reason, ceases its activities, it undertakes to notify employees and the professional Union, at least 90 days in advance, without prejudice to prior notice. The obligation of communication is provided for in the Collective Bargaining Agreement in clause 52.		3	8

CONTENT INDEX SASB

Industry: Home Builders

Topic	Code	Metrics requested by SASB	Page or answers
Land Use & Ecological Impacts	IF-HB-160a.1	Number of (1) lots and (2) homes delivered on redevelopment sites	35
	IF-HB-160a.2	Number of (1) lots and (2) homes delivered in regions with high or extremely high baseline water stress	127 and 129
	IF-HB-160a.3	Total amount of monetary losses as a result of legal proceedings associated with environmental regulations	There were no monetary losses during the Reporting period arising from judicial or administrative proceedings, the object of which related to environmental or criminal regulations. There were also no indirect losses due to the expenditure of amounts to fulfill obligations to do, such as contracting third-party services to carry out environmental recovery in areas owned by CDHU.
	IF-HB-160a.4	Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction	127
Workforce Health & Safety	IF-HB-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	72
Design for Resource Efficiency	IF-HB-410a.1	(1) Number of homes that obtained a certified HERS® Index Score and (2) average score	133 and 138
	IF-HB-410a.2	Percentage of installed water fixtures certified to WaterSense® specifications	139
	IF-HB-410a.3	Number of homes delivered certified to a third-party multi-attribute green building standard	139
	IF-HB-410a.4	Description of risks and opportunities related to incorporating resource efficiency into home design, and how benefits are communicated to customers	139
Community Impacts of New Developments	IF-HB-410b.1	Description of how proximity and access to infrastructure, services, and economic centers affect site selection and development decisions	127 and 128
	IF-HB-410b.2	Number of (1) lots and (2) homes delivered on infill sites	127
	IF-HB-410b.3	(1) Number of homes delivered in compact developments and (2) average density	129
Climate Change Adaptation	IF-HB-420a.1	Number of lots located in 100-year flood zones	137 and 142
	IF-HB-420a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	127
Activity metrics - Accounting metrics	IF-HB-000.A	Number of controlled lots	16
	IF-HB-000.B	Number of active selling communities	16
	IF-HB-000.C	Number of homes delivered	16

Exhibits

GRI 2-23 – Policy commitments

With regard to governance, CDHU follows the applicable legal provisions, in particular:

- **Federal Law No. 6,404/1976**, which provides for corporations;
- **Federal Law No. 13,303/2016**, which sets forth the legal statute of the public company, the mixed-capital company and its subsidiaries, within the Federal Government, the States, the Federal District and the municipalities;
- **State Decree No. 62,349/2016**, which provides for the integrity program and compliance area to be adopted by companies directly or indirectly controlled by the State of São Paulo, regulating the application of Federal Law No. 13,303, of June 30, 2016, and creating instances and procedures to foster internal control;
- in compliance with said legislation, CDHU developed its **Code of Conduct and Integrity**, the Integrity Program, various policies and regulations of the statutory bodies. All normative documents mentioned were duly approved by the Collegiate Executive Board and by the Board of Directors, disclosed to employees by email and are available on the website, in the Corporate Governance area ([https:// www.cdhu.sp.gov.br/web/guest/governanca--corporativa/sobre-governanca-corporativa](https://www.cdhu.sp.gov.br/web/guest/governanca--corporativa/sobre-governanca-corporativa));

- **Federal Law No. 12,846/2013** provides for the administrative and civil liability of legal entities for acts practiced against the Public Administration, whether national or foreign, and establishes other measures;
- **Federal Law No. 12,527/2011**, which regulates access to information provided for in item XXXIII of article 5, in item II of paragraph 3 of article 37 and in paragraph 2 of article 216 of the Federal Constitution; amends Law No. 8,112, of December 11, 1990; revokes Law No. 11,111, of May 5, 2005, and provisions of Law No. 8,159, of January 8, 1991; and other provisions; and
- **Federal Law No. 13,709/2018**, Brazilian General Data Protection Law (LGPD).

For its core activities, CDHU follows the applicable legal provisions that involve due diligence, precautionary principles and respect for human rights, namely:

- **State Law No. 10,310/1999**, which provides for the lottery of properties of Companhia de Desenvolvimento Habitacional e Urbano do Estado de São Paulo (CDHU);
- **State Law No. 13,094/2008**, which amends Law No. 10,310, of May 12, 1999, which provides for the lottery of properties of Companhia de Desenvolvimento Habitacional e Urbano do Estado de São Paulo (CDHU);

- **State Law No. 12,801/2008**, which authorizes the Executive Branch to adopt measures aimed at the State's participation in the National System for Social Interest Housing (SNHIS), creates the State Housing Board (CEH), establishes the São Paulo Social Interest Housing Fund (FPHIS) and the Housing Guarantee Fund (FGH), and establishes related provisions;
- **State Decree No. 53,823/2008**, which regulates Law No. 12,801, of January 15, 2008, which, on its turn, authorizes the Executive Branch to adopt measures aimed at the State's participation in the National System for Social Interest Housing (SNHIS), creates the State Housing Board (CEH), establishes the São Paulo Social Interest Housing Fund (FPHIS) and the Housing Guarantee Fund (FGH);
- **State Decree No. 55,334/2010**, which authorizes the Housing Department, representing the State, to enter into an Agreement with Companhia de Desenvolvimento Habitacional e Urbano do Estado de São Paulo (CDHU), aimed at managing resources to be transferred to municipalities that have declared a state of public calamity for the granting of a possible benefit called emergency housing allowance;
- **State Law No. 10,741/2003**, which provides for the Statute for the Elderly and provides for other measures with a forecast of serving 3% of the housing units for this group;

- **Executive Board Resolution No. 4/1999**, which establishes that 5% of the units produced by CDHU and intended to meet the general demand, selected through a draw, are reserved for elderly people aged 60 years or older;
- **State Decree No. 56,448/2010**, which amends the provisions of Decree No. 54,285, of April 29, 2009, which authorizes the State Housing and Social Assistance and Development Departments, representing the State, to enter into agreements with CDHU and with the municipalities of the State of São Paulo, aiming at the implementation of Vila Dignidade Program, applying specific criteria for assisting the elderly;
- **Housing Department-SEAD Resolution No. 9**, which establishes the Regulations of Vila Dignidade Program;
- **State Decree No. 64,509/19**, which reformulates Vila Dignidade Program, instituted by Decree No. 54,285, of April 29, 2009, with new name Vida Longa, and provides for related measures;
- **Housing Department-SEDS Resolution No. 61/2019**, which establishes the regulation of Vida Longa Program;
- **State Law No. 10,844/2001**, which provides for the commercialization of low-income properties by the State, reserving a percentage for people with disabilities or families of people with disabilities (7%);

- **State Law No. 12,907/2008**, which consolidates laws relating to people with disabilities in the State of São Paulo;
- **State Law No. 11,818/2005**, which amends Law No. 11.023, of November 28, 2001, which, on its turn, provides for the reserve of 4% of all popular properties to be sold to civil and military police officers, incorporating into this quota penitentiary security agents and prison escort and surveillance agents (article 1);
- **Executive Board Resolution No. 3, of January 23, 2017**, which provides for exemption from the application of legal and governmental quotas for the elderly, individuals who live alone and people with disabilities for the so-called closed target groups;
- **Executive Board Resolution No. 32, of May 13, 2014**, which provides for the criteria and procedures for assisting single individuals in housing programs aimed at the so-called open demand;
- **Housing Department Resolution No. 24/2017**, which regulates the housing resettlement policy within the scope of the social interest housing policy of the Government of the State of São Paulo,

defining guidelines and operational procedures to be observed by the executing agencies and partners — it consolidates the exemption from meeting quotas for closed target groups in the case of resettlement;

- **State Law No. 90,075/1995**, which prohibits borrowers or beneficiaries of the housing policy of the State of São Paulo and provides for other measures (acquisition of another property with state resources);
- **State Law No. 16,105/2016**, which amends Law No. 12,276, of February 21, 2006, which, in turn, provides for the disposal of properties financed by CDHU in the course of the financing agreement, allowing the transfer of the property after 18 months of execution of the agreement; and
- **Federal Law No. 9,514/1997**, which provides for the Real Estate Financing System, institutes fiduciary sale of immovable property and provides for other measures.

CDHU sources of funds

The main CDHU sources of funds may be divided into 2 large groups:

Advance payments for future capital increase

The main source of funds of the Company is the contribution of capital by the State Treasury, by means of the subscription of shares linked to execution of its investment program and transfers by means of the São Paulo State Housing Department, to which the Company is linked. The funds are approved in the State Budget, pursuant to the Annual Budgetary Law (LOA), which is usually disclosed in the end of the fiscal year, establishing the expenses and revenue that will be realized in the next year. The Company receives the funds contemplated in the budget every month, according to the availability of the Treasury Department.

The gross revenue

The gross revenue is composed of:

- Revenue of sale of housing units, financial charges linked to such revenue, including contractual interest and currency fluctuations;
- remuneration with the registration of candidates, seeking the sale of housing units;
- charged from the participants in bidding processes promoted by the Company;
- contractual fines originating from

noncompliance with contractual provisions by the contractors;

- revenue resulting from rent of commercial properties;
- of administrative, financial, and works expenses;
- revenue resulting from renegotiation of settlements;
- fee for the concession of use;
- remuneration with collection, management, and transfer for technical services provided since May 2020, inherited from the former Companhia Paulista de Obras e Serviços (CPOS – specialized consulting, technical assistance, technical support, logistics, and operational technical services within the scope of the state housing programs for various companies and/or departments of the State of São Paulo);
- condominium management; and
- reference cost report.

Gross operating revenue totaled R\$2,024,984 thousand in 2022 (R\$1,862,947 thousand in 2021), an increase of R\$162,037 thousand or approximately 8% compared to the previous year.

Annual result

In 2022, the Company had an accounting loss of R\$(504,390) thousand (loss of R\$(203,365) thousand in 2021). This increase is mainly due to the change in the methodology for calculating subsidies granted by the Company, which occurred at the end of 2021, with an impact on the results of 2022.

The gross operating result corresponded to a profit of R\$18,386 thousand (profit of R\$318,317 in 2021). Gross profit or (loss) is represented by gross operating revenue less expenses from operating activities (including sales revenue, production costs and subsidy expenses).

The operating expenses represent the costs incurred by the Company to produce the housing units. They include, without limitation: costs with construction, topography, earthmoving, urbanization and administrative indirect costs, work inspection, and operating costs; expenses with the management of the Company's property credits, such as notary office expenses, fees, and/or commissions, expenses incurred with auctions, seeking the sale of housing units and urbanized lots; expenses incurred upon contribution to the Salary Variation Compensation Fund (FCVS), notices to borrowers, and other credit management expenses; expenses with subsidies granted upon the issue of the borrowers' monthly installment payment slip, considering its payment capacity; expenses with planning, preparation, and construction of project units,

such as production management and work inspection; urbanization of areas to enable projects; subsistence allowance and housing aid; expenses incurred with the recovery of project units, due to abandonment or repossession, for sales purposes; expenses originating from registration of the units with the register of deeds; expenses with publicity and advertising for the sale of units; expenses with transportation and removal of furniture and people in actions for repossession; general condominium, water, and electricity expenses, whenever the borrower has stopped paying them and the property is still in the Company's name; expenses with social service, community equipment maintenance, and other community development expenses; and expected losses due to insufficient cash inflow, client portfolio, FCVS, and loss for contractual allowance, linked to the financing contract, recorded on the same date of granting.

Corporate information

GRI 2-1, GRI 2-2

Companhia de Desenvolvimento Habitacional e Urbano do Estado de São Paulo (CDHU)

The Company publishes information, public tenders, notices, calls and financial statements in the Official Gazette of the State of São Paulo and in newspapers of wide circulation, in addition to regional newspapers, when necessary.

Government of the State of São Paulo

Rodrigo Garcia (2022)

Housing Department

Flavio Amary – State Secretary (2022)

Companhia de Desenvolvimento Habitacional e Urbano do Estado de São Paulo – CDHU, 2022

Chief Executive Officer	Silvio Vasconcellos
Chief of Staff	José Carlos Macruz
Administrative and Financial Officer	Nédio Henrique Rosselli Filho
Technical Officer	Aguinaldo Lopes Quintana Neto
Officer for Planning and Projects	Silvio Vasconcellos¹
Officer for Housing Service	Eric Romero Martins de Oliveira
Officer for Legal Matters and Land Regularization	Manoel Inácio Cavalcante Neto

¹ On a cumulative basis.

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Credits

GRI 2-3

Coordination

Superintendence of Planning and Housing Programs

Management of Strategic Planning and Programs

Housing Research Management

Contributions

This Report is the result of the efforts of all CDHU teams and departments. We would like to thank everyone for their participation and commitment to implementing projects and collecting information.

Consulting, graphic design, writing and proofreading

TheMediaGroup

Translation

Aliança Traduções

Images/photography

CDHU collection

Contact information

For more information on the contents of this Report, please visit the website or contact the Superintendence of Planning and Housing Programs or the Superintendence of Communication by phone: (11) 2505-2000.

www.cdhu.sp.gov.br

