

Annual
report

2021



CPFL Energia headquarters in Campinas (SP)



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Message from the Board of Directors

2021 Overview

Facing the complex situations in 2021, particularly the COVID-19 rebound and severe historical drought in Brazil, CPFL Energia kept focusing on its strategic plan and took decisive actions with accurate judgement and full-scale deployment, resulting in substantial achievement in business development and promotion of value for both shareholders and enterprise. The company is steadfastly moving towards the goal of becoming a leading power company in Brazil and Latin America, it is worth mentioning the highlight as follows.

On safety management

The company put employees' safety and health in the first place, by implementing epidemic preventive and control measures, organizing nucleic acid testing for front-line workers at regular basis, providing medical support and family care for the infected employees, while encouraging all employees to participate in the government's vaccination plan. At the same time, the activities related to the program of Year of safety, aiming to strengthen safety education and enhance safety control, were continuously carried out, contributing to the integration of company's "Global Safety" program with comprehensive improvement.

On business development

In July, CPFL won the bid of CEEE Transmission (CEEE-T) offered by the government of Rio Grande do Sul, which was a historic breakthrough in the business expansion of transmission segment in the company. In October, 66.08% of CEEE-T' stake has been officially transferred to CPFL. The successful 100-day integration program for CEEE-T guaranteed all acquired transmission business running smoothly. Furthermore, the company overcame various difficulties such as coronavirus spreading, logistics delay, and arduous site condition, and were able to put all the wind turbine generators of the Gameleira Wind Farm into commercial operation, which marked 27 months ahead of the schedule stipulated by concession contract.

On management improvement

The company took many measures to deepen digital transformation, including the adoption of new digital customer service solution (ADR), the launch of smart network monitoring systems (ADMS), and setting up the data analyzing center as well as establishment of new department for SAP upgrade project. In the generation business, the overall yearly average availability rate

of CPFL Geração reached 96.28%, keeping at the forefront of Brazilian power sector, and CPFL Renováveis received several awards at the 8th Brazil Assets Management Convention (EGAESE). By completing the computerized energy planning system and putting it into operation, the company's capability in informatization and intelligent operation has been further improved.



Wen Bo
Chairman of Board of Directors of CPFL Energia

On brand building

With the steady advancement of Corporate Culture Inclusion Program (CCIP), new momentum of the company with centennial history was stimulated, contributing to its high-quality development in the new era. CCIP was awarded as Top 10 Cases on Building International Image of Chinese Enterprises in 2021, which was highly recognized by power sector and our peers. Adhering to the concept of sustainable development, CPFL has invested, in the past three years, a total of R\$ 155 million in energy saving project for more than 300 public hospitals by using the energy-efficiency fund. In 2021, the program of "CPFL in Hospital" was selected as UN SDG Good Practice. The outstanding performance of CPFL in environmental, social and governance (ESG) aspects has been highly recognized by the market, the company was also conferred as Top Employer for the 3rd Consecutive Year, and was awarded as the Best Corporate Governance by World Finance Magazine. In addition, CPFL ranked high in Brazil's Corporate Sustainability Index (ISE), and was included in the Carbon Efficient Index (ICO2) and Dividend Index (IDIV) of B3 respectively.

Market prospect

In the near future the effects of post-pandemics, inflation and weather uncertainty will be still with us, as the largest economy in South America, we believe that Brazil can perform its excellence in the test of time

and realize the expectations of all sectors. Nowadays, climate change has become the biggest challenge globally, major economies around the world are actively working on the task of "carbon peaking" and "carbon neutrality" for the purpose of reducing greenhouse gas emissions and mitigating impact of climate change. More and more enterprises are utilizing their professional advantages and influences, setting long-term goals of carbon reduction and integrating firm actions into corporate strategies. CPFL is actively doing its job in these respects, the sustainability plan of the company has embodied the global carbon reduction responsibility and contribution to mitigation of climate change.

As sustainable development has reached mainstream consensus among the industry players, in capital market ESG investment has become an important pillar in accomplishing the "carbon neutrality" strategy. In the Brazilian power sector, because of tough market competition and uncertainty of the macro environment, bigger challenges and higher requirements are arising and testing enterprise operations, especially in greenfield project construction and M&A activities. As a public utility company, we are responsible of providing high-quality services to customers, continuously matching regulatory requirements, and balancing investment while ensuring the needed improvement and progress.

CPFL Energia, through its Sustainability Plan, has made progress in reducing global carbon emissions and in its contribution to mitigating climate change

The high-quality development of an enterprise relies on talents, and competence of corporate depends on the stability of talent team. Due to the impact of pandemic and the intensification of market competition, the brain drain is frequently happening, which has brought greater challenges to the company in the selecting, training and growing talents and elites. We will make more efforts by creating the diverse and inclusive workplace environment, continuously providing opportunities for employees' growth, and enhancing employees' sense of belonging and identity as well as reinforcing corporate cohesion, while laying the rigid foundation for healthy and high-quality development of the company in the long-term.

2022 outlook

The year of 2022 will be more challenging. Guided by strategic plan, CPFL commits to realizing both enterprise and shareholder value as the steady goal while adhering to the concept of sustainable development. By comprehensively promoting internal quality and external image, the Company aims at making better operational results, achieving much more business development and upscaling brand images.

Reinforcing safety management

We will continuously improve the epidemic control mechanism, formulate and execute the preventive measures effectively. Adhering to the principle of people-oriented, those activities related to safety improvement and safety culture will be carried out consistently, with the objective of strengthening the safety protection of front-line teams and employees, while effectively improving safety management by obtaining better results.

Improving customer service

We will spare no efforts in promoting customer experience and opening communication platform and channels widely to ensure quality of customer service, while customer satisfaction can be leveled up. Digital applications will be accelerated for smooth customer interaction and multi-functional APPs and softwares are to be created by facilitating customers

in consuming electricity efficiently and prosumers in supplying electricity reliably and economically.

Pursuing innovative development

We will continue to attach great importance to nurturing innovation capability of the company, and build a knowledge-based enterprise. Constructing a strong smart grid is the goal that we have been pursuing, there will be much more to be done by the company along the way to realize the goal, specifically we hope that utilizing smart meters in large scale can be initiated. Digitalization and artificial intelligence will be utilized widely, and reinforcement in constructing corporate data analysis center is underway, which we are expecting its positive effect can be shown soon.

Deepening Corporate Culture Inclusion

We will insist on implementing CCIP actions by serving as important measure and beneficial supplement for realization of the strategic plan, as CCIP has already contributed to the symbiosis and mutual promotion of strategy and culture. We also plan to continuously expand the width and depth of the Program, strengthening the fundamental role of ESG-focused work in the stakeholders' recognition and corporate brand building, with professional dedication to the programs such as CPFL in Hospitals, Café Filosófico, CPFL Young Generation and other branding programs,

CPFL Energia is committed to generating value for the company and its shareholders, while adhering to the concept of sustainable development

which can contribute to high-quality and sustainable development of the company.

Finally, on behalf of the Board of Directors of CPFL Energia, I would like to extend my heartfelt appreciation to the management team in leading all industrious employees achieving outstanding progress of the company, and many thanks to all stakeholders for your steadfast support and substantial contributions to the growth of CPFL group. We are optimistic and confident that we can challenge our limits to surpass existing success by overcoming obstacles and difficulties along the way to excellence, and SGCC will keep on supporting our company whenever needed. I believe that with all our efforts, CPFL Energia will be more competitive and definitely embracing brighter future with much more progress in 2022.

WEN BO
Chairman of Board of
Directors of CPFL Energia

Message from the CEO

In 2021, we experienced a year of major achievements in every business where we operate at CPFL Energia. Even with market conditions continuing to pose challenges due to the resurgence of the Covid-19 pandemic early in the year, we made significant deliveries in terms of financial and operational results in the generation, transmission and distribution segments.

In relation to renewable generation, we opened the Gameleira Wind Energy Complex, in Rio Grande do Norte, two and a half years ahead of the date stipulated by the regulatory authority. We therefore continued our growth in this sector, reaching 95.6% clean sources in our installed capacity.

In the transmission segment, we invested R\$ 2.7 billion in acquiring a 66% stake in CEEE-T, which operates in the state of Rio Grande do Sul. With 6,000 kilometers of lines, this new asset – now under the CPFL Transmissão name – puts our company at a new level in the segment, with the potential to drive growth in one of the most strategic areas for Brazil, since it connects generation parks with large consumer centers.

Investments related to concessions of our four distributors totaled R\$ 3,028 million last year. These funds are important to make it feasible to improve operations and the quality of service we provide to our customers, through system automation and digitalization. On this front, we are focused on expanding the use of automatic circuit reclosers, protected networks, and smart network monitoring systems (ADMS), so that supply interruptions are resolved with more agility and with fewer people being impacted.

These initiatives and other extremely relevant projects that we carried out during the year are the result of our growth strategy, along with a more sustainable and intelligent approach to producing and consuming energy, improving people's lives in the regions where we operate. We are closer and closer to reaching the goals we set forth in our Sustainability Plan. A remarkable feature of our corporate culture, we are making the 15 public commitments we undertook with society in 2020 a reality.

The Sustainability Plan has become a structural element of our corporate governance. On

the Board of Directors and the Executive Board, just as we are monitoring and directing strategic investments in operations, we are also measuring the management of environmental, social and governance (ESG) aspects.



Gustavo Estrella
CEO of CPFL Energia

At the top levels and with excellence and with excellence, we are therefore assessing how our projects contribute and can be strengthened to improve quality of life and promote sustainable development. Our Sustainability Plan is increasingly a fundamental part of the cornerstones of our group's business.

Various projects focused on environmental management and on enhancing corporate governance have already seen tangible results and benefits. Equipment Refurbishment, an economically viable solution focused on reverse logistics, is already consolidated, with growing action; the Audit Committee, a demand from the investment market for 2022, is now up and running, playing its role in advising the Board of Directors; and the CPFL +Diversa program, created to organize and guide our actions to value diversity and inclusion, has accelerated cultural change in every business area.

With over R\$ 155 million invested over the last two years, CPFL in Hospitals is a program bringing energy efficiency to public health institutes. With multidisciplinary coordination of efforts, including the social know-how of Instituto CPFL, we have already benefited 204 hospitals in 226 municipalities, with the installation of solar panels to self-generate energy, the changing of light bulbs for more efficient models, and projects to humanize

public service. By the end of 2022, we will reach a total of 325.

We also took advantage of the expertise of our controlling shareholder, State Grid, in seeking best practices and cutting-edge technologies already in use globally, improving our service quality, focused entirely on our customers.

In 2021, we ramped up training programs and procedures to manage risk in activities and related to the safety of our employees, suppliers, customers and the public in our concession area. I am confident that our leaders, aware of their responsibility to engage employees and monitor conditions for safe and sustainable operations, will take our company to an even higher level of safety, so that we are able to sustainably deliver value for shareholders, customers and society as a whole.

To reinforce this important aspect, we created the Corporate Safety Committee in 2021, which assesses and discusses topics ranging from the safety of people and assets, to the security of information technology and finances. Maintaining operational excellence and discipline in cost management, our challenge in 2022 is to further evolve a culture of safety across all of our businesses.

The Sustainability Plan has become a structural element of our corporate governance, with permanent monitoring by the Executive Board and the Board of Directors

We continue to be a reference in quality for the power sector. Each year, our distributors are seeing better indicators in terms of supply interruption duration and frequency, as well as regulatory levels. We are focused on continued improvement and our customers' satisfaction.

Together, all of these projects, programs and initiatives were essential for us to reach the end of 2021 with significant advancements in every aspect of corporate culture, with robust and sustainable financial results, inorganic growth, with generation of value, and social and environmental responsibility.

Thanks so much to all of you,

GUSTAVO ESTRELLA
CEO of CPFL Energia

CPFL Energia

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SDG related



Our business

Headquartered in the city of Campinas (São Paulo), our company, CPFL Energia, operates in every segment of Brazil's electricity industry - generation, transmission, distribution, commercialization and services. Our complete and diversified business portfolio ensures long-term and consistent value generation for all stakeholders, overcoming challenges and seizing opportunities in the Brazilian market.

Our majority shareholder is State Grid, the world's largest energy company. Cultural and technical interchange with this Chinese company makes the quality of our products and services stronger and makes operations safer, while accelerating innovation in supplying and delivering energy to society.

We serve nearly 22 million people, having customer satisfaction at the core of our strategy. Investments in new technologies and systems, digitalization and automation are always made toward providing society with access to sustainable, accessible and reliable energy.

We also work with a commitment to contributing to socio-economic transformation and sustainable development. In recent years, we have dedicated efforts to fortifying

integration of the Environmental, Social and Corporate Governance, or ESG, concepts in our strategic planning.

With the same excellence we use to manage our assets, we have therefore expanded the positive impacts of our business, enhancing allocations of financial and human resources for energy to drive prosperity and better quality of life for everyone in the regions where we operate.



Mission

- We provide sustainable, accessible and reliable energy to all walks of life, and enhance a safer, healthier and prosperous life of people in regions where we operate.
- We propel our business growth in a more strategic and competitive way, keep its dynamics and vitality, and create a more standardized, diversified and international corporate culture, while nurturing its legacy.
- We protect the level playing field for each employee's growth and attract all talents to join CPFL.



Vision

- We pursue to be the leading power utility in South America that supplies reliable electric energy and credible services.
- We pledge to forge the prolonged strength in developing business and innovation as well as culture.



Values

- To us, **safety** is a nonnegotiable commitment.
- Our strength comes from **collaboration** among people.
- We **innovate** to deliver the best solutions to our customers.
- We strive to evolve always in the pursuit of **excellence**.
- We are ethical and responsible in all we do to deliver **sustainable** results.

Where we operate

👉 **Click** on electricity sector chain icons and learn more about our brands.



Generation

We operate in the generation segment with the goal of increasing the availability of renewable energy, acting with safety and excellence to manage assets. CPFL Renováveis is our main vector for growth on this front.

In 2021, we finalized works and started up operations on four wind farms in the Gameleira Complex, in Rio Grande do Norte. The project was completed two and a half years ahead of the initial schedule, making it possible to grow generation of value through early sales on the free market.

The Gameleira Wind Complex has 81.65 MW (megawatts) of installed capacity and 23 wind turbines. It is already connected to the National Interconnected System (or SIN, as it is known in Brazil) through 21 kilometers of transmission lines.

CPFL Renováveis also continued building the Cherobim small hydro power plant (SHPP), in Rio Iguaçu (Paraná). Completion of works is planned for the first quarter of 2024 and the new generator asset will have an installed capacity of 28 MW.

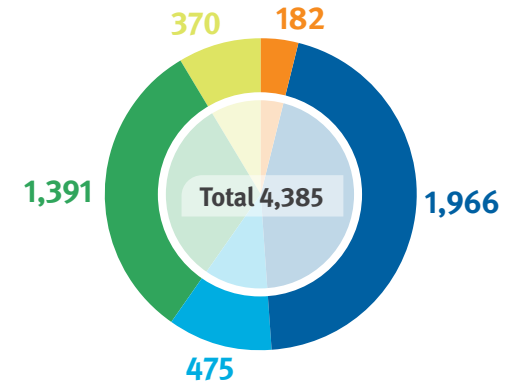
In addition to its significant share of renewable energy, our generation portfolio has the advantage of having low exposure to the hydrological risk inherent to hydroelectric generation, otherwise known as the GSF (Generation Scaling Factor). All Hydroelectric Power Plant (HPP) projects have hedge contracts to protect the company in the event that hydro generation underperforms physical guarantees as a result of drought.

Our assets

- 8 hydroelectric power plants (HPPs)
- 49 wind farms
- 6 hydroelectric generating plants (HGP)
- 45 small hydroelectric power plants (SHPPs)*
- 8 biomass-powered plants
- 2 thermoelectric power plants (TPPs)
- 1 solar plant

*The Cherobim SHPP is in the construction phase - completion expected in 2024.

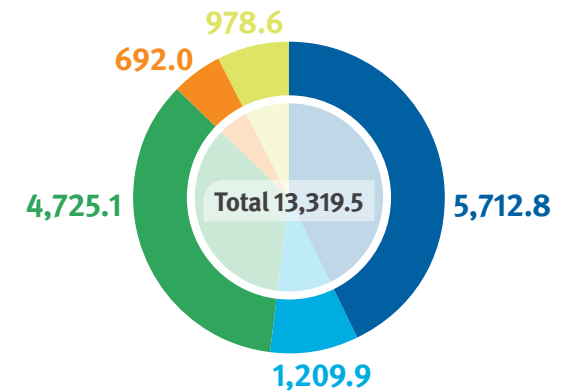
Installed capacity by source (MW)¹



- TPPs
- HPPs
- SHPPs and HGPs
- Wind
- Biomass

1. Considers the installed capacity of each venture proportional to the stake held by CPFL Geração or CPFL Renováveis. Photovoltaic (solar) generation assets add another 1.1 MW to installed capacity.

Net energy production by source (GWh)¹



- HPPs
- SHPPs and HGPs
- Wind
- TPPs
- Biomass

1. Considers the net energy generated by the ventures proportional to the stake held by CPFL Energia. Photovoltaic (solar) generation assets add another 1.1 GWh to net energy production.



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Achievement in CEEE-T bid

Transmission

The transmission segment plays a crucial role in the development of Brazil's power sector. Transmission networks connect generation complexes to distributors, which are responsible for supplying energy to all final consumers. The quality of transmission assets, which also include substations, is essential to guaranteeing a safe and reliable operation.

With this goal, we are strengthening our operational strategy in an effort to seize transmission opportunities that have synergy with our generation and distribution business. We won a bid for privatization of Companhia Estadual de Transmissão de Energia Elétrica (CEEE-T), in Rio Grande do Sul, with 6,000 kilometers of lines and 15,700 structures – now managed under the CPFL Transmissão brand.

With the acquisition of CPFL Transmissão, we are now the country's fourth largest private transmission company in length of lines, holding 4% of all transmission lines

An investment of R\$ 2.6 billion was made in this operation, ensuring that CPFL Energia acquired the majority stake (66%) held by the state government in the company. Over the next five years, around R\$ 1.5 billion will be invested in expanding and improving the system.

CPFL Transmissão has significant potential in terms of synergy with other businesses we have in Rio Grande do Sul. In the state we have RGE in the distribution segment, 4 wind farms, 4 SHPPs and 5 HPPs. In addition, we are already investing in construction of two new lots of transmission lines and substations, which were part of a winning bid with ANEEL in 2018 (CPFL Sul I and CPFL Sul II).



Installation of CPFL Piracicaba

Under construction

Our transmission assets

	CPFL Transmissão				CPFL Piracicaba	CPFL Morro Agudo	CPFL Maracanaú	CPFL Sul I	CPFL Sul II
Concession Contract	CC 055/01	CC 080/02	CC 004/21	TESB	CC 003/13	CC 006/15	CC 02/18	CC 005/19	CC 011/19
Location	RS	RS	RS	RS	SP	SP	CE	SC	SC/RS
Number of substations	69	0	0*	2	1	1	1	1	3
Number of transmission lines	120	1	0	1**	-	-	2	2	5
Length of transmission lines	5,810	127	0	102	-	-	2	157	81.4
Capacity	10,234	0	550	747	800 MVA	800 MVA	450 MVA	224 MVA	549 MVA
Concession term	2042	2032	2051	2041	2043	2045	2048	2049	2049
Allowed annual revenue (RAP)	R\$ 832 million	R\$ 20 million	R\$ 9 million	R\$ 18 million	R\$ 12.3 million	R\$ 14.6 million	R\$ 7.9 million	R\$ 26.4 million	R\$ 33.9 million

*Concession Contract 004/21 - includes 1 substation under construction.

**TESB has 1 operational transmission line and 4 transmission lines under construction.

Distribution

We are Brazil's second largest distribution company in volume of energy sold, holding 14% of the nation's market share. In 2021, we distributed 68,708 GWh (gigawatt hours) of electricity to around 10.2 million customers in our concession areas.

Together, our distributors' concession areas cover 687 municipalities in the states of São Paulo and Rio Grande do Sul, which are home to approximately 22 million people.

10.2 million
customers served by distributors

90%
are residential

5.6%
are industrial, commercial and service companies

3.5%
are rural consumers

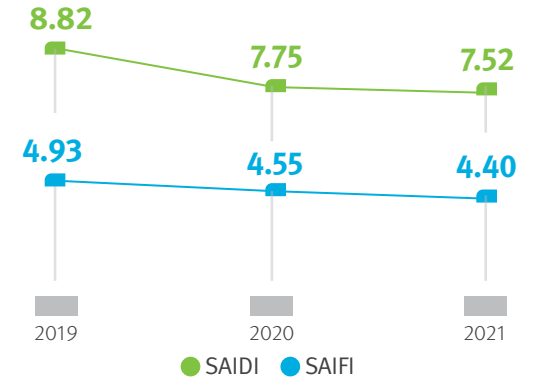
Employee in field operation



Distributors invested a total of R\$ 3.028 million in 2021, mostly aimed at integration of smart equipment, automation and safety for distribution systems. Installation of automatic circuit reclosers, remotely controlled switches and other types of technologies mean that the energy supply can be reestablished with greater agility in the event of system outages, improving the quality of service provided.

Our distributors are among the best performers in the sector in terms of the key indicators assessed by ANEEL (Brazil's National Electricity Regulatory Agency) in relation to energy supply quality: the SAIDI¹ and SAIFI².

SAIDI¹ and SAIFI²
consolidated - CPFL Energia³



¹System average interruption duration index

²System average interruption frequency index

³Calculated based on the weighted average of the number of customer and the amount calculated for the SAIFI and SAIDI for each distributor.

System Average Interruption Duration Index (SAIDI)

	2021	2020	2019
CPFL Paulista	6.21	6.81	6.72
CPFL Piratininga	5.95	5.84	6.49
CPFL Santa Cruz	5.66	4.89	5.56
RGE	10.84	10.84	14.03

System Average Interruption Frequency Index (SAIFI)

	2021	2020	2019
CPFL Paulista	4.24	4.27	4.38
CPFL Piratininga	4.13	4.32	4.34
CPFL Santa Cruz	4.21	3.68	4.25
RGE	4.83	5.27	6.26

ADMS Project

The ADMS (Advanced Distribution Management System) is one of the most modern platforms for power distribution system management and optimization. The solution is used at over 160 distribution centers worldwide and we were one of the first companies to implement it in the Brazilian electricity sector.

After nearly two years of work done assessing, studying and adapting, we implemented the ADMS in 2020, in the CPFL Piratinga concession area. In 2021, we expanded the platform's coverage to CPFL Paulista and CPFL Santa Cruz, covering the entire concession area in the state of São Paulo. RGE will be integrated into the system in 2022, finalizing the project, in which we have invested close to R\$ 47 million.

With a series of software integrations and new system and equipment monitoring technologies, the ADMS optimizes the distribution system operation. Identification of outages in supply and emergency measures to reduce the area impacted are executed with more

agility, through algorithms that read systemic conditions and automate the operation.

Another advantage of the platform is its ability to exponentially increase integration of new smart equipment. The system lets new circuit reclosers and remotely controlled switches be installed and mapped on virtual servers, for example, without the risk of computer memory crashes.

The ADMS also gives operational teams more agility in decision-making. The system issues alerts according to the actions taken by workers, indicating possible impacts and alternatives for improving system efficiency. The platform also helps to more quickly find failure points, helping to more rapidly and efficiently direct maintenance teams.

Implementation of the ADMS posed an even greater challenge in recent years as the result of Covid-19. Because most training had to be held on-site, with monitoring and supervision by leaders, we established strict safety protocols to protect worker health.

With the platform installed, our focus is now on enhancing training and our teams' know-how. For example, we are now able to simulate virtual environments for extreme event situations, such as storms and trees that have fallen on the system, in order to evaluate our workers' ability to perform maneuvers and remotely control equipment, aimed at enhancing their technical and practical knowledge.

ADMS Implementation

60 hours
of training

4 months
of tests

120
employees
trained

Center of Operations



Solutions

CPFL Soluções is dedicated to supplying integrated solutions to modernize, provide more efficiency, and optimize customer relations with electric power, creating savings and better performance. Teams of specialists act on a variety of fronts, with consulting, planning, management, sales, infrastructure projects and provision of renewable energy certificates.

With over 2,300 customers served throughout Brazil, CPFL Soluções is a brand that offers energy solutions to customers in Group A (those with medium and high voltage connections) and in a variety of industries within the public and private sectors (including universities, chemical manufacturers, electro-intensive industries, agribusiness, food and beverage, and data centers).



Energy Management
Consulting to manage and save energy.

Free Market
Freedom to choose an energy supplier and negotiate supply conditions, price and contract terms.

Distributed Generation
Self-production coming from renewable sources.

Energy efficiency
Customized solutions that lead to increased efficiency and profits.

Energy Infrastructure and Services
Diagnostics and solutions to execute projects: construction, operation and maintenance (O&M) and retrofitting of electrical installations.

I-RECs
Commercialization of renewable energy certificates (I-RECs)

 [Click here](#) and learn more about CPFL Soluções

CPFL Total and ale\$ta

Aimed at adding value and offering customers new solutions, we seek to develop new business models in synergy with our diversified portfolio.




Offers financial services for companies to connect to unbanked customers in the concession area, to carry out billing and advertising on energy bills.



A financial institution authorized by Brazil's Central Bank to operate through an electronic platform to offer credit for payment of power bills in arrears, aimed at preventing energy from being cut off and suspended.

Shared Services

Our Shared Services Center gives us a competitive edge, adding value to businesses by providing support services for administrative and operational activities, along with know-how to meet internal demands. We therefore ensure that processes are standardized, with operational optimization and lower costs.



cpfl atende

A customer service center accessible through a toll-free number, a virtual chat, social networks, and e-mails held by Group distributors. Headquartered in Ourinhos, this company has a branch in Araraquara, both in the interior of the state of São Paulo.



cpfl pessoas

A staff and human resources management service, working with payrolls, benefits, third-party management, and employee recruitment, selection and admissions.



cpfl supre

Logistics and supply chain planning and management, with procurement, material planning, distribution and logistics services.



cpfl finanças

Financial organization and operationalization to support business decision-making for companies, with accounting, budgeting, billing and payment services.



cpfl infra

Asset management service, including management of automobiles, property, administrative services, and building maintenance and security.

Instituto CPFL

Founded in 2003 and headquartered in the city of Campinas (São Paulo), Instituto CPFL is our social investment platform, integrating the cultural, social and sports programs we support in an effort to contribute to socio-economic development of the communities where we are present.

Since 2020, Instituto CPFL has fortified its action with a focus on social development, allocating resources and efforts to the CPFL Jovem Geração programs, which bring together initiatives aimed at the future for new generations, and CPFL nos Hospitais, which supports projects to humanize and improve public hospitals.

Instituto CPFL also carries out recordings for the Café Filosófico CPFL program, in partnership with TV Cultura, and other artistic and cultural activities that take place at its headquarters - such as art exhibits and a month celebrating Chinese culture.



R\$ 31.37 million

invested by Instituto CPFL in 2021

564,000

people benefited from Instituto CPFL initiatives in 2021

Chinese culture highlighted in the CPFL Intercâmbio Brasil-China front, promoted by the Instituto CPFL

Macroeconomic scenario

In 2021, the first signs of overcoming the Covid-19 pandemic were seen. Although the world had experienced the most lethal waves of the pandemic, this was also the year when vaccines began to be widely disseminated (albeit with substantial heterogeneity, globally speaking). The combination of vaccinations and prior infections have given the public significant protection, despite new variants continuing to emerge, as was the case with Delta and, more recently, Omicron. Looking at the pandemic's evolution throughout 2021, the gradual relief being experienced by health systems and the resumption of mobility are clear. Nevertheless, it should be noted that this is not a uniform movement: there is more resistance to vaccines in some countries, while in others there is a lack of vaccines. Even though major advances have been made in coping with the pandemic, its economic impacts had yet to be totally surmounted in 2021.

The gradual normalization of activities was insufficient to turn around a movement where consumer goods far exceeded consumption of services. Three factors contributed to keeping

demand for goods at historic highs throughout the year:

- i)** both fiscal and monetary stimulus packages helped to maintain income and total consumption in 2020 and early 2021, despite a sharp rise in savings by families. This phenomenon was reinforced in the USA in 2021, with income restoration packages put in place at the start of Biden's term;
- ii)** incomplete normalization of the consumption of services: in an environment of income maintenance, whatever money did not go into savings was therefore consumed. Because restrictions on mobility and fears related to the pandemic were still in effect for most of the year, movement back to pre-pandemic standards of demand was incomplete;
- iii)** re-adaptation of optimal inventory levels: the bottlenecks in production faced throughout 2020 continued to restrict supply in 2021, with manufacturers and retailers responding by increasing their inventories, from raw materials to finished products, further raising global demand.

While demand remained high, supply continued to be negatively impacted by lockdowns and discontinuities in input chains

This means that while demand remained high, supply continued to be negatively impacted by lockdowns and by broken supply chains. Progress was made to normalize chains; however, this process only began in 2021 and should only be finalized in mid-2022.

The result of this incomplete normalization of the economy in 2021, with demand for goods remaining high with a restricted supply, was steeper prices in every supply chain, from commodities and shipping costs to producer and consumer prices. As was seen, rampant inflation mostly owed to the inability of supply to respond to robust economic growth.

As expected, the high price of commodities positively impacted Brazilian exports. Accumulated figures for 2021 show exports up by 34%, totaling US\$ 280.4 billion. This put the trade balance at US\$ 61.0 billion, an all-time high, helping to keep foreign accounts at a comfortable level.

Despite positive foreign accounts in Brazil along with a spike in the interest rate in the second semester, increased fiscal uncertainty seems to have contributed to a currency devaluation. Indeed, in addition to the expected appreciation of the US dollar in relation to other currencies, domestic discussions on a constitutional amendment covering payment of government debts (PEC dos Precatórios) and changes to spending caps, aimed at making the government income distribution program (Auxílio Brasil) feasible, seem to have been essential to dialing up pressure on the Brazilian real in the last quarter of the year. Despite interventions by Brazil's Central Bank, a deteriorating domestic and foreign environment caused the exchange rate to go from an average of R\$ 5.23/US\$ 1.00 in the third quarter of 2021 to R\$ 5.59/US\$ 1.00 in the last quarter of the year. In real terms, the Brazilian exchange rate ended 2021 at around 35% above the average seen between 2015 and 2019. A depreciating exchange rate in combination with soaring prices for commodities resulted in an inflationary shock. This shock was seen in both wholesale and consumer prices.

Inflation that is well above the target and accelerating, with core inflation at an uncomfortable level, resulted in a

timely reaction by Brazil's Central Bank. The basic interest rate at the start of the year was at an annual rate of 2%, a historic low. Nevertheless, as of March the Central Bank kicked off a monetary policy and interest rate adjustment, with the latter at an annual rate of 9.25% by the year's end.

Despite the high interest rate during the year, credit still performed well in 2021, serving as an important

source of consumer support. Credit also benefited from recovery in the labor market and from concessions of government assistance. Emergency Assistance reached fewer families in 2021 than in 2020 and had a lower average ticket, bringing less relief to household budgets. On the other hand, the working population continued to suffer from restrictions put in place by the pandemic in the first semester - yet there was rapid

recovery in the second semester, with vaccinations advancing and the health situation improving.

Given these factors, consumption grew at a relatively slow rate in 2021, as compared to its levels at the end of 2020. There were several months where it did surpass consumption for 2019, prior to the pandemic, but it lost steam in the last months of the year.

CPFL Energia headquarters in Campinas (SP)



Regulatory environment

Below are the highlights for the main changes to industry regulations in 2021 in the distribution segment:

1. Electric Sector Accounting Manual - MCSE

On May 18, 2021, ANEEL, Brazil's electricity regulatory agency, approved changes to the MCSE, as a result of Public Submission Process no. 01/2021, with specific enhancements considering the request from ANEEL for information that had previously been provided through specific Official Letters.

2. White Tariff

The CPFL Group contributed to Public Submission Process

no. 02/2021, which dealt with improvements related to the White Tariff, presenting results from internally-developed pilot projects that showed low consumer adherence to this tariff model.

3. Market Opening

CPFL contributed to Public Submission Process no. 10/2021, which covered the creation of a study on the regulatory measures needed to enable opening of the free market to consumers with loads of less than 500 kW, including the regulated energy seller, and a proposed timeline for opening beginning on January 1, 2024. Consideration was made of the conditions needed to promote opening of the market, protecting the economic and financial balance of concessions.

4. Regulatory Agenda 2022/2023

ANEEL approved the Regulatory Agenda for the two-year period of 2022/2023, with contributions from the CPFL Group regarding the need to improve regulations on establishing electricity supply continuity limits and enhancing conditions for monitoring the electric energy market.

5. Regulatory Operating Costs

ANEEL began discussing this topic through Public Consultation no. 62/2022, which is expected to close in the first semester of 2022, as set forth in the Regulatory Agenda approved for the 2022/2023 cycle. This Public Consultation poses challenges for distributors, with significant methodological changes, including to benchmarking model products. Under the scope of the second stage, the need was found to adjust the database on various distributors as presented by ANEEL.

6. X Factor

On March 16, 2021, the Agency approved Normative Resolution no. 925/2021, highlighting the changes to X Factor methodology, which will be applied to the upcoming Periodic Tariff Review (RTP) processes.

7. SAIDI / SAIFI

At the end of 2021, ANEEL opened Public Submission Process no. 22/2021,

aimed at making improvements to the methodology for establishing SAIDI and SAIFI limits, corroborating with the CPFL proposal in its contribution to the 2022/2023 Regulatory Agenda.

8. Other Revenue

The CPFL Group contributed to Public Consultation no. 69/2020 (Phase 2), from October 7, 2021 to November 22, 2021, with the goal of reassessing submodules 2.7 and 2.7A of the Tariff Regulation Procedures (PRORET) in relation to the sharing of Other Revenue in the electric energy distribution segment. CPFL took a position on the reduced sharing proposal for revenue coming from new activities, made possible by the introduction of new technologies.

9. Non-Technical Losses and Unrecoverable Revenue

ANEEL finalized Public Consultation no. 29/2020 and established a new methodology for calculating non-technical losses, which will be applied to the upcoming Periodic Tariff Review (RTP) processes. There was no significant change to the methodology in relation to Unrecoverable Revenue and the new regulatory percentages per consumer class were updated.

Aerial view of the city of Campinas (SP)



Hidropower plant of
CPFL Group



10. CP 35/2020

ANEEL completed the third and last phase of Public Consultation no. 35/2020 and defined the methodologies regarding involuntary over-contracting in 2020, economic realignment based on a drop in the market and an increase in defaults during the COVID-19 pandemic, as well as apportionment of the financial cost of the COVID Account, substantiated in ANEEL Normative Resolution no. 952, dated November 23, 2021. ANEEL also established a 60-day term after publication of the projected unrecoverable revenue realized in the months of March to December 2020, as defined in paragraph 7 of Submodule 2.10 of the PRORET, certified through the aforementioned normative resolution, so that distributors are able to analyze and petition the realignment of economic balance.

11. Water Scarcity Tariff

Water scarcity was a burden on distributors' cash in late 2021, given that energy costs were higher as a result of the activation of thermoelectric plants powered by fossil fuels, and the Red Tariff II was insufficient for covering this deficit.

In light of this scenario, Resolution no. 3/2021-CREG/MME was issued, granting permission for the Water Scarcity Tariff to be charged until April 2022.

12. Incentive Program for Voluntary Reduction of Electric Energy Consumption

In the face of worsening water scarcity in 2021, in an effort to avoid deterioration of the situation, the Incentive Program for Voluntary Reduction of Electric Energy

Consumption was established, in an effort to reduce energy consumption in Brazil's energy matrix, implementing a bonus to be compensated on the January 2022 electric bill pending a verified reduction in the period of September 2021 to December 2021.

13. Mitigation of 2021 Tariff Processes

ANEEL conducted 2021 tariff processes aimed at mitigating the average effect perceived by the consumer, with a variety of measures taken by the Agency as well as by generation, transmission and distribution agents, aimed at avoiding burdens on consumer bills because of the economic scenario experienced, which was worsened by the Covid-19 pandemic.

Ratifying Resolution no. 2.969/2021 determined allocation of resources coming from the balance of the Itaipu Binacional Commercialization Account and the amount to be made available by Itaipu Binacional among eligible distributors, aimed at mitigating the impacts on tariff processes in 2021.

ANEEL also approved re-profiling of compensation of indemnities

for investments made in old assets that have yet to be amortized by transmission companies whose concessions were renewed (re-profiling of the Existing Basic Network System), contributing to lower tariffs in 2021.

14. R&D and EE

a. Normative Resolution no. 929/2021 regulated Article 1 of Law no. 14.120/2021, as a result of the conversion of Provisional Measure no. 998/2020, specifically regarding resources in uncommitted research and development and energy efficiency projects that will be aimed at tariff affordability.

15. Tariff Sandboxes

ANEEL introduced a proposal to conduct a Tariff Sandboxes Governance Project, geared toward more active participation in Research and Development projects developed by distributors.

As it concerns new tariff models, the goal of this project model is to enable tariff models to be produced with a greater likelihood of application by distributors, with due consent from the regulatory agency.

Operational performance

Our business achieved positive operational results in 2021, even though market conditions continued to be challenging as a result of the Covid-19 pandemic. Performance in every segment of operation is a reflection of the fundamentals in execution of the business strategy, focused on growth, allocation of capital directed toward maximizing opportunities, and efficient management of costs.

In the distribution segment, distributed load and energy sales were up by 3.4% and 4.2%, respectively, as compared to 2020. Among consumer classes, the industrial and commercial sectors saw the largest increases in sales, driven by the resumption of economic activities after vaccinations began in the country.

Default rates across the electrical sector, in turn, remained high throughout 2021, due to a combination of different factors. The water shortage that denoted the dry period, leading to increased rates due to activation of thermoelectric plants, high levels of unemployment and increased inflation affected customers' ability to pay, resulting in a 49.8% spike in the Bad Debt Provision.

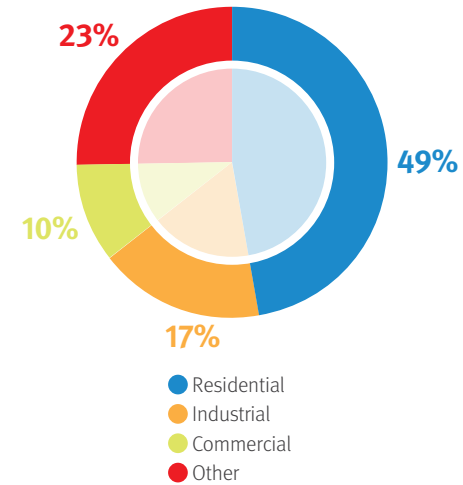
As of the second semester, with actions to collect and renegotiate debt associated with cuts to supply, default and loss rates began to trend downward.

In the generation segment, 2021 was marked by atypical water supply, with little rainfall and low reservoir levels at hydroelectric plants. These climate conditions led to higher energy costs in the market in the short term, due to activation of thermoelectric plants. We maintained a high level of generation assets at wind plants, boosting generation by around 17.2%, particularly after the Gameleira Wind Complex became operational.

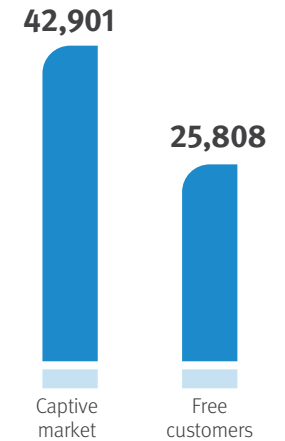


Energy sales grew by 4.2% compared to 2020

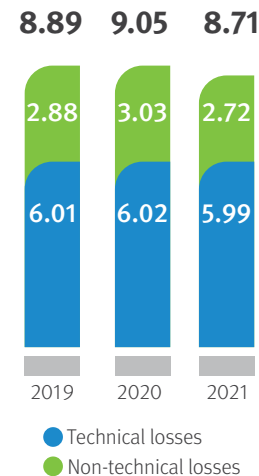
Energy sales by consumer class (GWh)



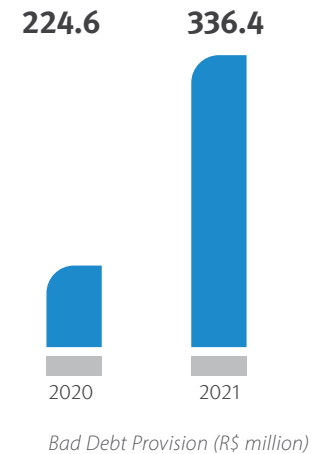
Sales in the concession area (GWh)



Distribution loss rate (in %)



Defaults



Economic and financial performance

It was another challenging year for the electric sector in 2021. Exacerbation of the Covid-19 pandemic early in the year, its impacts on the economy and the consequent rise in defaults were all added to a highly unfavorable hydrological scenario in the second semester and this placed pressure on costs and tariffs. Nevertheless, the gradual resumption of energy consumption, actions to control defaults and efficient cash management ensured the company's financial health.

Summarized income statement for the fiscal year – CPFL Energia (R\$ million)

	2021 (without CPFL Transmissão)*	2021	2020	2019
Gross operating revenue	55,990	56,341	45,363	45,009
Net operating revenue	38,921	39,210	30,898	29,932
Electric energy costs	-23,107	-23,107	-18,486	-18,371
Operating costs and expenses	-9,030	-9,217	-7,709	-7,198
Operating profit	6,783	6,886	4,704	4,363
Ebitda	9,038	9,160	6,780	6,394
Financial result	-785	-792	-316	-726
Income before taxes	6,517	6,615	4,797	3,986
Net income	4,813	4,854	3,707	2,748

*Companhia Estadual de Transmissão de Energia Elétrica – CEEE-T (CPFL Transmissão), acquired in 2021, was consolidated in CPFL Energia results in 4Q21.

Main indicators

Operating revenue

↑ **24.2%**

2020
R\$ 45,363 million
2021
R\$ 56,341 million

Up by 24.2% compared to 2020 (23.4% not including CPFL Transmissão), with the highlight being sectoral financial assets and liabilities (290.7%), revenue from electric energy (15.7%) and other operating revenue (25.3%).

Operating costs and expenses

+ **19.6%**

2020
R\$ 7,709 million
2021
R\$ 9,217 million

Increase of 19.6% (17.1% not including CPFL Transmissão), mostly due to infrastructure construction costs (+37.3%). Other costs rose by a consolidated 10.7% and were 8.3% higher when CPFL Transmissão is not considered, coming in under the rate of inflation.

Electric energy costs

↑ **25.0%**

2020
R\$ 18,486 million
2021
R\$ 23,107 million

Up by 25.0% year-over-year, due to higher energy costs from Itaipu and thermal plant activation.

EBITDA

↑ **35.1%**

2020
R\$ 6,780 million
2021
R\$ 9,160 million

Up by 35.1% (33.3% not including CPFL Transmissão), favored by good performance in the Distribution segment and by the positive results from the Generation segment, mostly owing to accounting of the GSF solution for the free and regulated markets.

Net income

+ **30.9%**

2020
R\$ 3,707 million
2021
R\$ 4,748 million

Increase of 30.9% (29.8% not including CPFL Transmissão), resulting mostly from higher EBITDA, partially offset by a depressed financial result caused by higher interest.

Tariff readjustments

In 2021, the CPFL Santa Cruz, CPFL Paulista, RGE and CPFL Piratininga distributors gained positive average tariff revisions and readjustments, of 9.95%, 8.95%, 9.95% and 12.40%, respectively.

Indebtedness

At the end of 2021, our net indebtedness in IFRS totaled R\$ 20.9 billion, up 55.6% compared to the previous year. Financial debt, which considers loans and financing, debentures and intercompany loans, was R\$ 23.7 billion at the end of December 2021. The increase in debt is mostly due to a greater need for distributor indebtedness to cover the regulatory asset balance, which will be passed along through tariffs starting in 2022 (from R\$ 0.4 billion in December 2020 to R\$ 3.2 billion in December 2021), to finance acquisition of 66.1% of CPFL Transmissão and consolidate the debts of the Group's new company.

It is worth noting that we seek to mitigate any exposure to risk from

market fluctuations. This is why a portion of debt, around R\$ 7.1 billion, is protected by hedge operations. When considering foreign currency, for instance, which makes up around 30% of the total debt amount (in IFRS), swap operations were contracted in an effort to protect the exchange rate and the rate pegged to the contract.

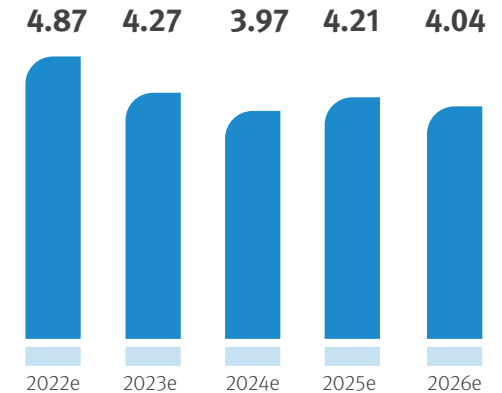
During the year, leveraging in the financial covenants criteria (which considers proportional consolidation of the CPFL Transmissão, Ceran, Enercan, Foz do Chapecó and Epasa assets) went from a Net Debt/EBITDA ratio of 2.19x in December 2020 to 2.13x in December 2021.

Investments

Despite the challenging period, we moved forward with our investment plan, which totaled R\$ 4.00 billion in 2021, an increase of 42.3% in relation to the total for 2020 of R\$ 2.81 billion. Most of the investments, 75.7% of the total, went to the Distribution segment and were particularly focused on expanding, modernizing and maintaining the electrical system.

For the coming years, we have projected investment for the period of 2022 to 2026 of around R\$ 21.36 billion, deducted in advance by the Budget and Corporate Finance Committee and approved in 2021 by the Board of Directors.

Investment projection (R\$ billion)



Capital market

CPFL Energia stock is traded on the B3, in the Novo Mercado segment, which has the highest level of corporate governance. On December 31, 2021, the share price was R\$ 28.98, down by 11.0% year-over-year. The average daily volume traded during the period was R\$ 75 million, which is 23% less than the year prior.

Dividends

In 2021, we approved payment of dividends related to fiscal year 2020 results, with a payout ratio of 100%. At the Ordinary Shareholder Meeting held on April 30, 2021, payment of R\$ 1,730 million in dividends was approved, equaling R\$ 1.50 per common share. Dividends were paid out to shareholders on April 30, 2021, with the shares being traded ex-dividend on the B3 as of May 3, 2021. To complete 100% of the payout ratio, the declaration and distribution of additional dividends in the amount of R\$ 1,730 million, equal to R\$ 1.50 per common share, was approved at the Board of Directors Meeting held on August 12, 2021. Dividends were paid out to shareholders on August 31, 2021, with the shares being traded ex-dividend on the B3 as of September 1, 2021.

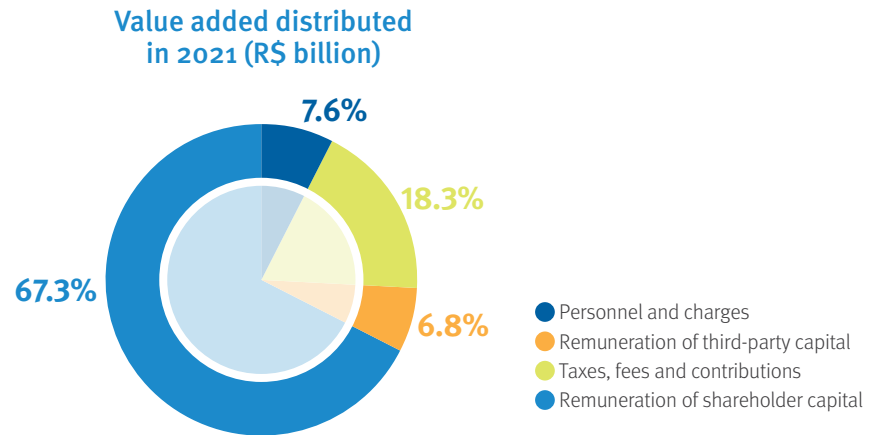
In addition, the declaration and distribution of intermediary dividends related to the 2021 results, in the amount of R\$ 804 million, equal to R\$ 0.70 per common share, was

approved at the Board of Directors Meeting held on December 2, 2021. Dividends were paid out to shareholders on December 9, 2021, with the shares being traded ex-dividend on the B3 as of December 10, 2021.

It is worth noting that pursuant to our Dividend Policy, we comply with the rule of distributing at least 50% of the adjusted net income as dividends, exceeding the stipulations of Brazil's Corporations Act (Lei das S.A.) by 25%. The Dividends Policy is available on the **Investidores Relations website** at <http://www.cpfl.com.br/ri>.

Distribution of Value Added (DVA)

We had a total of R\$ 25.1 billion in net value added to distribute in 2021, which is 23.7% more than the year prior. The largest portion, 65.6%, is related to taxes and contributions, based on the taxation model.



Value Added Statement – Main lines (R\$ million)

	2021	2020	2019
Revenue	56,545	45,490	45,092
Inputs acquired from third parties	(31,434)	(24,969)	(24,304)
Gross value added	25,111	20,521	20,789
Retentions	(1,760)	(1,674)	(1,688)
Value added received in transfer	1,717	1,411	1,331
Value added for distribution	25,068	20,257	20,432
Personnel and charges	1,731	1,540	1,475
Taxes, fees and contributions	16,436	13,626	14,477
Remuneration of third-party capital	2,048	1,384	1,731
Remuneration of shareholder capital	4,854	3,707	2,748

CPFL Energia was named the best company in the electric sector by the **Best of Dinheiro Awards**, given out by IstoÉ Dinheiro magazine.

CPFL Energia was once again chosen for inclusion in the B3's **ISE - Corporate Sustainability Index** portfolio for 2022.

CPFL Energia was named as having the best Corporate Governance in Brazil at the **World Finance Corporate Governance Awards 2021**.

CPFL Energia is part of the **B3 Carbon Efficient Index (ICo2)** portfolio for 2022.

CPFL Energia was named a corporate leader in energy at the **"Energy Leaders 2021 Award,"** given out by Grupo Mídia.

Valor Innovation Brazil Award 2021 – A general ranking put together by Valor Econômico of the most innovative companies.

A highlight among the **50 most valuable brands in Brazil**: CPFL Energia was ranked by **EXAME** among the 50 companies most admired by consumers, according to a survey by British consulting firm Brand Finance, which specializes in brand assessments.

Finance & Law Summit and Awards – Best legal department in infrastructure and energy.

Awards and recognition

The awards we receive are in recognition of the quality of our business and they drive continual improvement, in our search for excellence and to reach the highest standards.

CPFL Santa Cruz and CPFL Piratininga were the winners of the 2021 edition of the **Abradee (Brazilian Association of Electrical Energy Distributors) Award**, in the Social and Environmental Responsibility category.

CPFL Santa Cruz was the winner of the **ANEEL Quality Award**, 2020 edition, in the category of South and Southeast Regions Concessionaire - over 30,000 and under 400,000 consumer units.

23rd Abrasca Best Annual Report Award – Honorable mention in Risk Management Structure, Internal Controls and Compliance

CDP – Carbon Disclosure Project – Score A (Leadership band) in Climate Change and Score B (Management band) for Water Security.

CPFL Energia was highlighted in **Santander's ESG** report for its excellence in a study that looked at concrete initiatives to contribute to climate change, social transformation and corporate governance.

CPFL Energia was recognized by the Ministry of Transparency and the Office of the Federal Controller with the **Pro-Ethics 20/21 seal**, which highlights companies that voluntarily adopt integrity measures aimed at prevention, detection and resolution of corrupt and fraudulent actions.

CPFL Energia was chosen as a **Top Employer** company for the third year running.

Highlighted in **Global ESG Research - Investors' Guide to COP26 and Beyond**, published by Credit Suisse in 2021.

Strategy and ESG

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SDG related



Our strategy

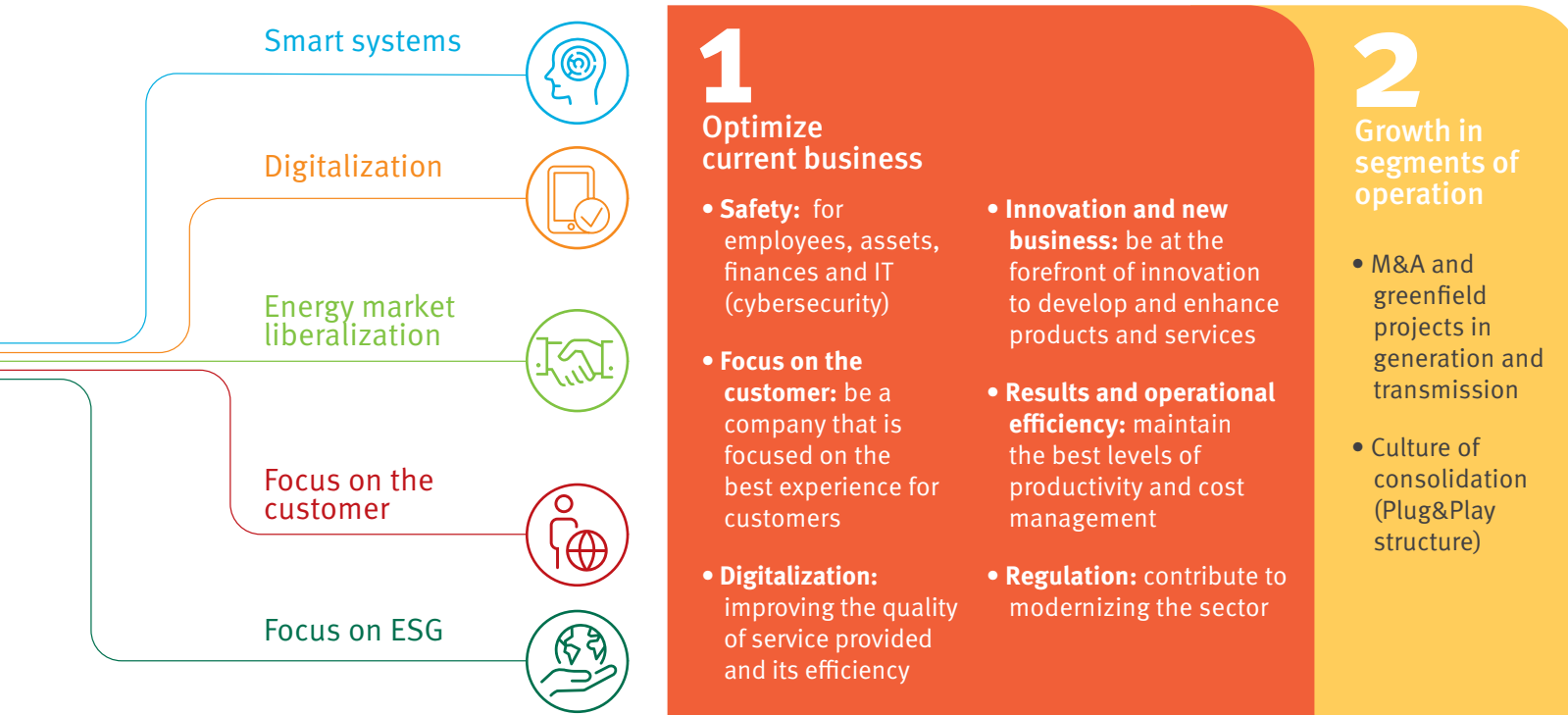
Brazil's electrical sector is undergoing a marked transformation. The opening of the free market has allowed customers to move to increasingly smaller consumption loads, who are looking for better financial conditions to acquire energy and who prioritize renewable generation sources.

More widespread digitalization has not only grown demand for agile solutions for apps and other platforms, it also influences customer relationships with the industry, in every segment – generation, distribution, transmission, commercialization and services.

At the same time, customers, investors and society generally hold companies to increasingly higher standards of social and environmental responsibility. Management of environmental, social and corporate governance (ESG) risks and impacts inherent to business should progress further in responding to different stakeholders' interests.

These tendencies serve as guidelines for building our strategic planning, which is structured for a five-year period and revised on an annual basis. Our strategy is supported by two essential pillars: optimizing current business and growth through acquisitions (M&As) and new project development.

This strategy is executed with a commitment to contributing to sustainable development. We have constructed our Sustainability Plan toward this end, with 15 public commitments that are a part of our business in order to maximize positive impacts and the benefits we deliver in communities and the value chain.



1 Optimize current business

- **Safety:** for employees, assets, finances and IT (cybersecurity)
- **Innovation and new business:** be at the forefront of innovation to develop and enhance products and services
- **Focus on the customer:** be a company that is focused on the best experience for customers
- **Results and operational efficiency:** maintain the best levels of productivity and cost management
- **Digitalization:** improving the quality of service provided and its efficiency
- **Regulation:** contribute to modernizing the sector

2 Growth in segments of operation

- M&A and greenfield projects in generation and transmission
- Culture of consolidation (Plug&Play structure)

Corporate governance

CPFL Energia is a publicly-traded company and the holding company of the CPFL Group, with shares (CPFE3) traded on the B3 - Brasil, Bolsa, Balcão S.A. (B3), the São Paulo stock exchange. Shares are listed in the Novo Mercado segment, which requires the highest standards of corporate governance and adoption of good practices that strive for transparency, independence, diversity and accountability.

CPFL Energia established its governance structure with the goal of attaining the best possible interaction among shareholders, the Board of Directors (BOD), the Advisory Committees and Commissions to

the BOD, the Fiscal Council and the Executive Board, adding value for stakeholders.

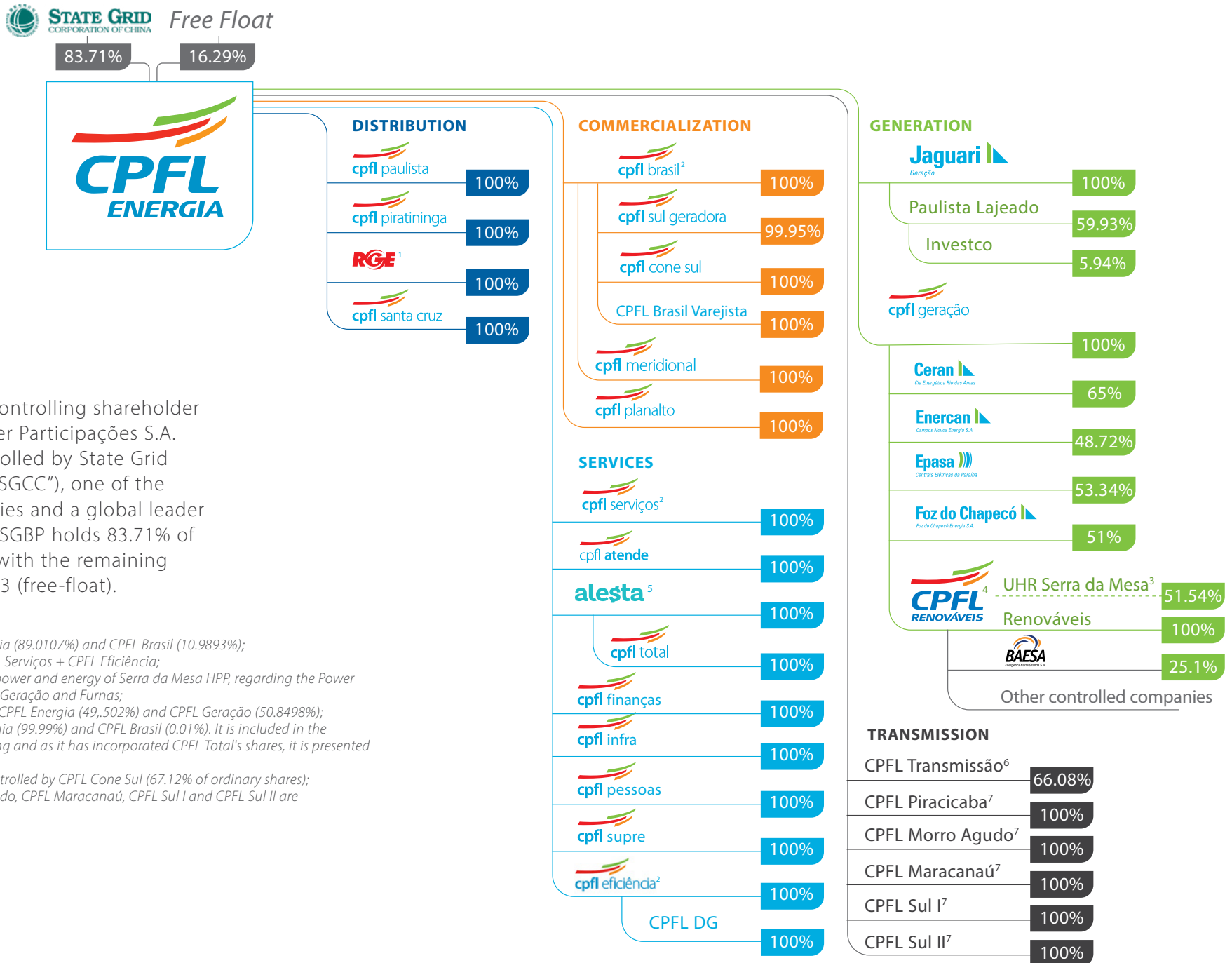
Each administrative body is tasked with protecting and appreciating the Company's equity, while also optimizing shareholders' return on investment and creating long-term value, promoting a culture focused on the organization's Mission, Vision and Values. The governance policies and structure that we have adopted are aimed at guaranteeing that decision-making is aligned with long-term strategic goals, with the ambition to contribute to sustainable development and positively impacting society as a whole and the value chain.

In 2021, we were recognized as having the best Corporate Governance in Brazil by World Finance Corporate Governance, a trade publication with coverage and analysis of the financial sector, international business and global economy



CPFL Energia employee

Corporate structure



The company's direct controlling shareholder is State Grid Brazil Power Participações S.A. ("SGBP"), which is controlled by State Grid Corporation of China ("SGCC"), one of the world's largest companies and a global leader in the energy industry. SGBP holds 83.71% of CPFL Energia's capital, with the remaining 16.29% traded on the B3 (free-float).

¹RGE Sul is controlled by CPFL Energia (89.0107%) and CPFL Brasil (10.9893%);

²CPFL Soluções = CPFL Brasil + CPFL Serviços + CPFL Eficiência;

³51.54% stake of the availability of power and energy of Serra da Mesa HPP, regarding the Power Purchase Agreement between CPFL Geração and Furnas;

⁴A CPFL Renováveis is controlled by CPFL Energia (49,502%) and CPFL Geração (50,8498%);

⁵A Alesta is controlled by CPFL Energia (99,99%) and CPFL Brasil (0,01%). It is included in the "Others" segment. For ease of viewing and as it has incorporated CPFL Total's shares, it is presented in the "Services" segment;;

⁶A CPFL Transmissão (CEEE-T) is controlled by CPFL Cone Sul (67,12% of ordinary shares);

⁷A CPFL Piracicaba, CPFL Morro Agudo, CPFL Maracanaú, CPFL Sul I and CPFL Sul II are consolidated in CPFL Geração.

Urban aerial
night view

About State Grid

State Grid Corporation of China (SGCC) holds second place among the world's 500 largest companies worldwide in revenues, as ranked by Fortune magazine. Over 1.1 billion people are served in China, where the company's headquarters is located, covering 88% of the Asian nation with energy transmission and distribution services.

In Brazil, SGCC invests in CPFL Energia and in State Grid Brazil Holding (SGBH), a company specialized in the electrical energy transmission segment. The company has operations in other countries and regions as well, like the Philippines, Portugal, Australia, Italy, Greece, Chile, Hong Kong and Oman.

Around the world, SGCC's work is guided by the principle of being a responsible company that promotes social well-being and development of a less carbon-intensive energy matrix. It also invests in accelerating more sustainable energy options for generation, connectivity for electric cars, and low-carbon solutions.

SGCC is committed to establishing sustainable partnerships in the countries where it operates, gaining trust through open communication and transparency with all of society.

4 continents

9 countries and regions

2nd largest company in the Fortune Global 500 ranking

1.6 million employees

19,000 foreign employees

Covers **88%** of Chinese territory, serving 1.1 billion people

Board of Directors and committees

Within the CPFL Energia corporate governance structure, the Board of Directors is responsible for setting the strategic direction of business and for the decisions with the most impact on stakeholders, determining and ensuring compliance with corporate policies and upholding the corporate purpose and corporate governance system of the CPFL Group. The BOD acts in accordance with the Corporate Bylaws, Corporate Governance Guidelines and its Internal Regulations - all public documents. There are currently seven members seated on the Board of Directors: two independent members, two of the Company's Executive Officers, and three external members.

To assure the quality of its decisions, at the moment the Board of Directors is supported by six Advisory Committees: Strategy and Process Management Committee; Human Resources Management Committee; Budget and Corporate Finance Committee; Risk Management Committee; Related Parties Committee; and Audit Committee.

The Audit Committee was formed in October 2021, seven months before its formation was required. There are three independent members serving on this committee, two of whom serve as independent members on the Board of Directors and all of whom have recognized backgrounds in corporate accounting.

Composition of the Board of Directors

Bo Wen	Chairman
Gustavo Estrella	Member
Hong Li	Member
Yumeng Zhao	Member
Yuehui Pan	Member
Antonio Kandir	Independent Member
Marcelo Amaral Moraes	Independent Member

Composition of the Executive Board


Gustavo Estrella	Chief Executive Officer
Futao Huang	Strategy, Innovation and Business Excellence Vice-President Executive Vice-President (interim)
Yuehui Pan	Chief Financial and Investor Relations Officer
Luís Henrique Ferreira Pinto	Regulated Operations Vice-President
Karin Regina Luchesi	Market Operations Vice-President
Gustavo Pinto Gachineiro	Legal and Institutional Relations Vice-President
Vitor Fagali de Souza	Business Development Vice-President
Flávio Henrique Ribeiro	Business Management Vice-President



The Board of Directors has six Advisory Committees, which contribute to qualify the decisions in the scope of governance

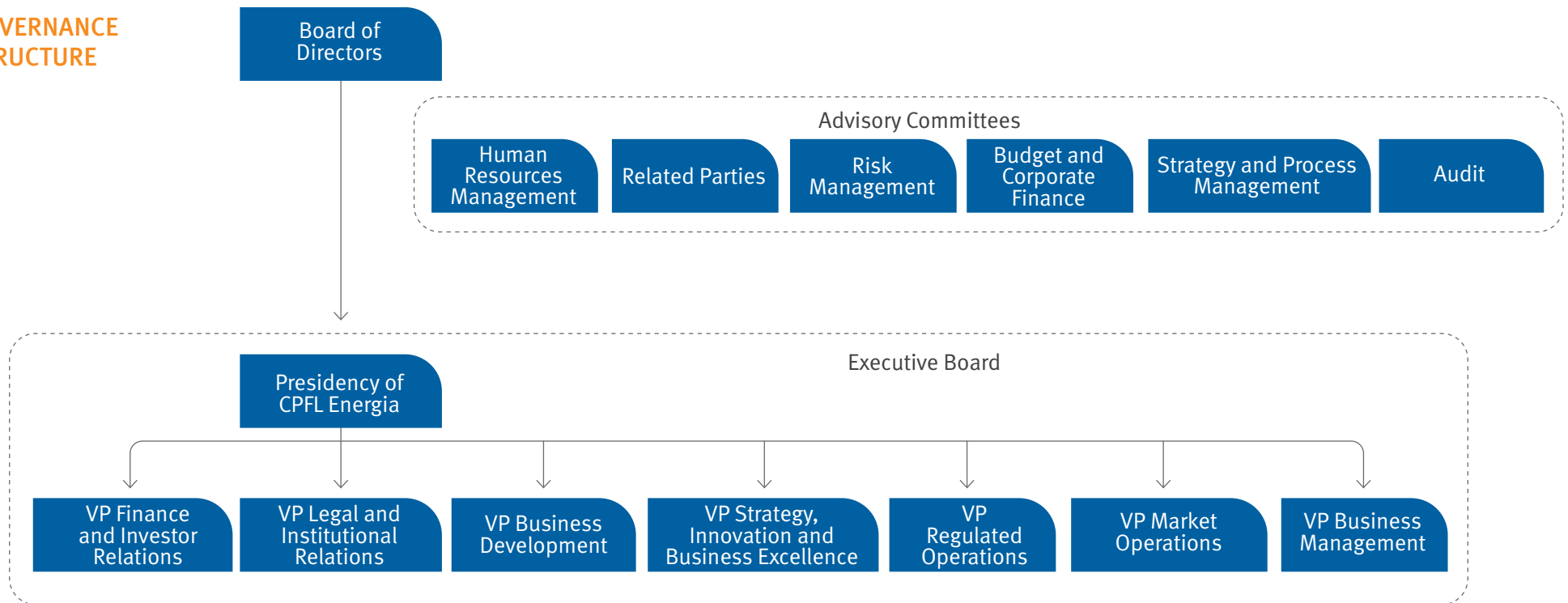
The performance of the Board of Directors, Committees and Executive Board is guided by a series of governance policies. In 2021, several corporate policies were created, which were later approved by the BOD. The main ones were:

- Corporate Stakeholders Relationship Policy;
- Transactions with Related Party Policy;
- Policy for Hiring Independent Auditors;
- Remuneration Policy for Members of the Board of Directors Board of Executive Board, Committees and Fiscal Council.

 To see bios containing the professional qualifications and experience of the members of the Board of Directors and Committees, as well as of members of the Fiscal Council and the company's Executive Board, [click here](#) and access the Investor Relations website.

To see them, [click here](#) and access the Investor Relations website.

GOVERNANCE STRUCTURE



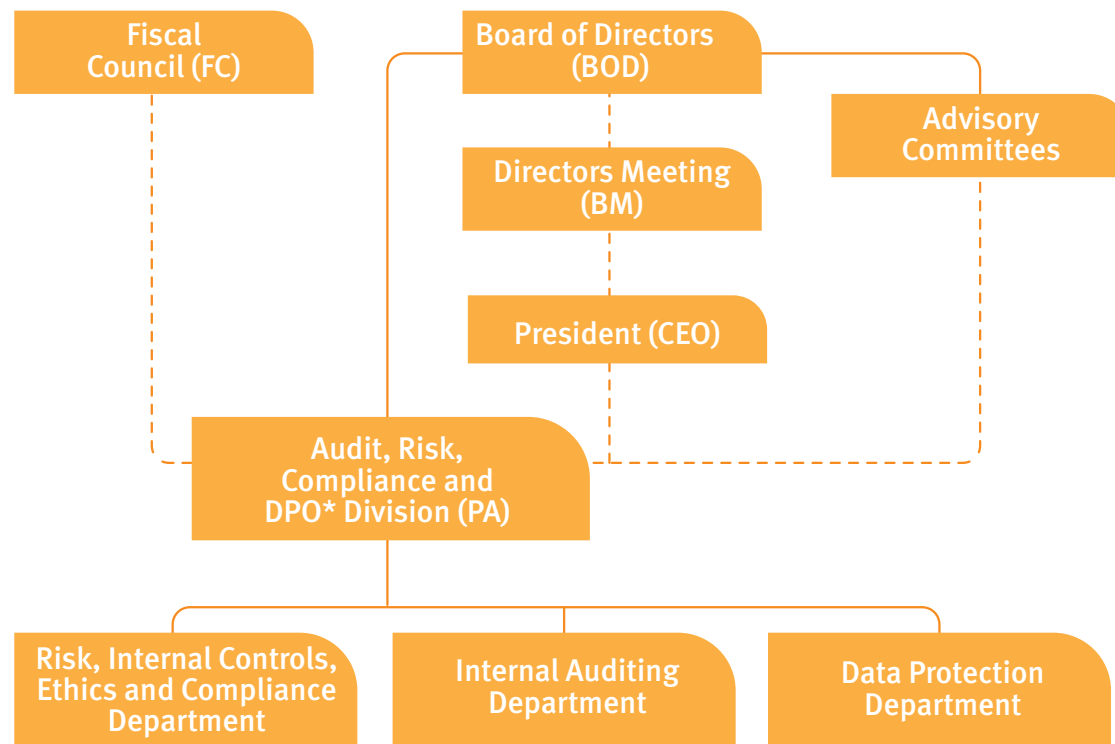
Risk management

An integral part of our governance, integrated corporate risk management uses a corporate risk map to consolidate key trends affecting our business and the main strategic risks to which companies are exposed, which are organized into the following categories: Financial, Operational, Legal, Energy Market, Industry Regulation, Environmental and Reputation.

The Corporate Risk Management Policy establishes risk exposure models, indicators and limits for risk exposure, as approved by the Board of Directors, detailing the necessary treatment and reporting in the event that thresholds are exceeded.

The corporate risk management model uses an approach based on four pillars - planning, execution, verification and action. Indicators and limits are continually assessed, and when necessary, the Executive Board proposes changes and submits them for deliberation by the Board of Directors.

RISK MANAGEMENT STRUCTURE



*Data Protection Officer

The CPFL Energia Corporate Risk Map consolidates key trends affecting our business, as well as the main strategic risks to which the Group's companies are exposed, organized into the following categories: Financial, Operational, Legal, Energy Market, Industry Regulation, Environmental and Reputation. These risks are regulated by the Corporate Risk Management Policy, as approved by the Board of Directors.

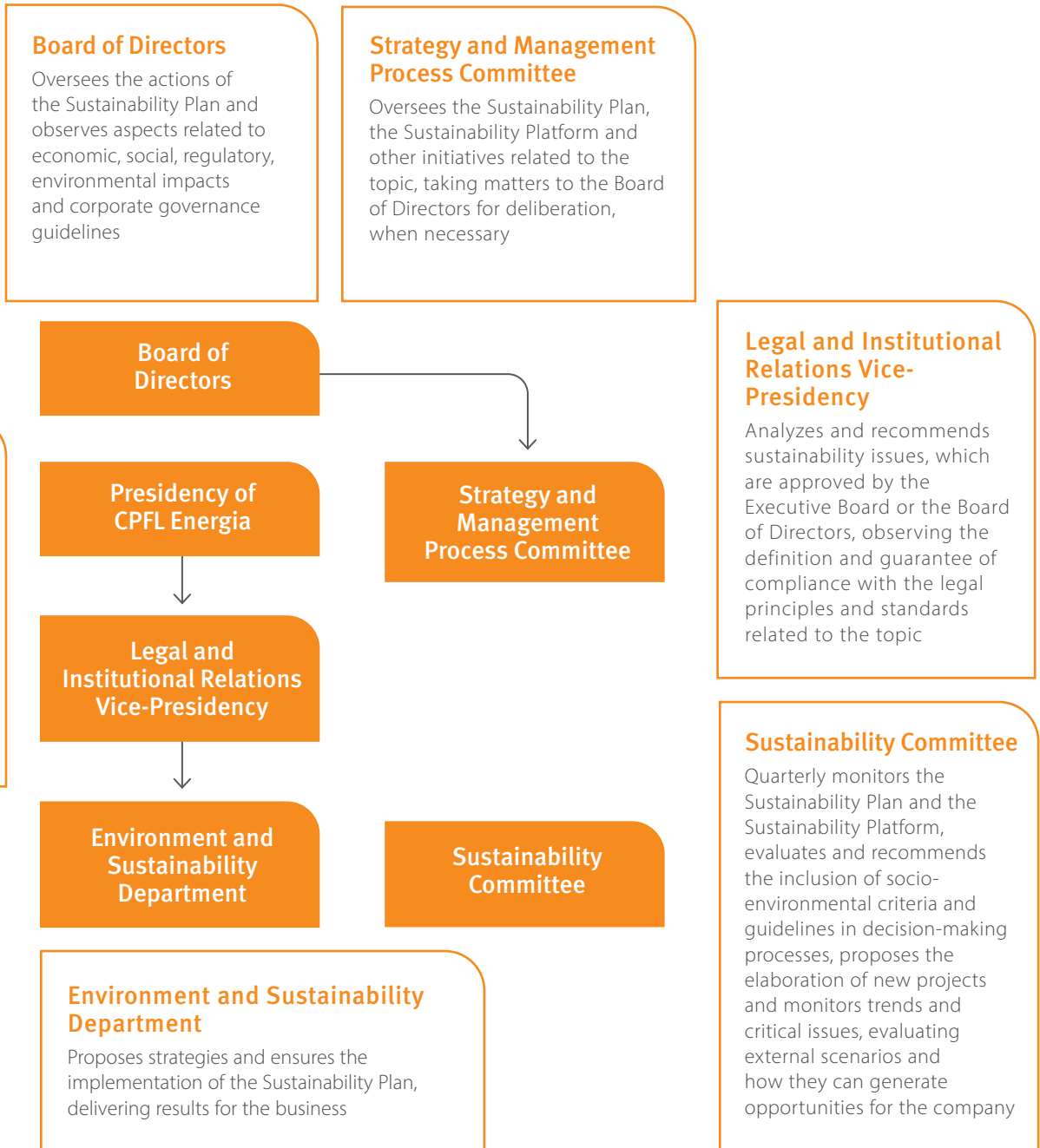
The Corporate Risk Management Policy establishes risk exposure models, indicators and limits for risk exposure, as approved by the Board of Directors, while also detailing the necessary treatment and reporting in the event that thresholds are exceeded.

Finally, the other advisory committees to the Board of Directors are tasked with analyzing economic, environmental and social issues, along with their impacts, risks and opportunities.

Sustainability management

Management of the Sustainability Plan, including evaluation of ESG aspects related to our business, is integrated into our corporate governance processes and practices. This strategic oversight is performed under the auspices of the corporate bodies and structure.

A variety of governance levels are vertically involved in decision-making and on a quarterly basis, the Sustainability Committee, Executive Board, Strategy and Process Management Committee, and Board of Directors monitor the Plan's execution.



 In 2021, we revised two core policies of our strategic guidelines in an effort to strengthen our sustainability governance:

- Sustainability Policy
- Social Investment Policy

To see them, [click here](#) and access the Investor Relations website.

Our commitments

- 39 Sustainability Plan
- 44 Sustainable energy
- 60 Smart solutions
- 67 Shared value
- 80 Our enablers

SDG related

 1 NO POVERTY	 3 GOOD HEALTH AND WELL-BEING	 4 QUALITY EDUCATION	 5 GENDER EQUALITY	 6 CLEAN WATER AND SANITATION	 7 AFFORDABLE AND CLEAN ENERGY	 8 DECENT WORK AND ECONOMIC GROWTH	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
 10 REDUCED INEQUALITIES	 11 SUSTAINABLE CITIES AND COMMUNITIES	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	 13 CLIMATE ACTION	 15 LIFE ON LAND	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	 17 PARTNERSHIPS FOR THE GOALS	



Sustainability Plan

Our Sustainability Plan, as approved by the Board of Directors in 2019, was built with the goal of driving the transition to a more sustainable energy production and consumption model, with positive impacts on society and the stakeholders who are part of our value chain. By 2024, we will fulfill 15 public commitments, organized under three strategic pillars - Sustainable Energy, Smart Solutions and Shared Value.

Our leaders regularly monitor advancement of the Sustainability Plan. The Executive Board presents and discusses the progress made in mapped projects and actions plans at quarterly meetings with the Sustainability Committee and the Board of Directors, along with the performance of indicators monitored and future challenges.

Oversight of the Sustainability Plan is provided by the Sustainability Platform, a management tool gathering 62 indicators that are periodically monitored by the Environment and Sustainability department, with involvement by and integration with several administrative and operational areas within the company.



Monte Claro HPP (RS)

The Sustainability Plan also considers the contributions of our business to reaching the targets established by the Sustainable Development Goals (SDG), proposed by the United Nations under the auspices of the 2030 Agenda. This is how we identify our biggest opportunities to contribute to this global evolution, establishing action plans and investments that have a bigger potential to generate value.

The 15 public commitments we have undertaken in our Sustainability Plan are divided into three pillars that connect our investments and projects with our goal of driving the transition to a more sustainable energy production and consumption model.

These goals are aligned with the SDG, powering contributions and the positive impacts of our business on society and the communities in the regions where we operate.

The **15 public commitments** we have undertaken in our **Sustainability Plan** are divided into three pillars that connect our investments and projects with our goal of driving the transition to a more sustainable energy production and consumption model.

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SUSTAINABLE ENERGY

Aiming for the smallest possible environmental footprint



1

Maintain at least a **95%** renewable resources in the generation portfolio by 2024



At the end of 2021, **96%** of the portfolio was renewable resources.

2

Lower carbon intensity by **10%** by 2024



By 2021, we had reduced carbon intensity by **17.32%**, as measured based on net operating revenue (tCO₂e of Scope 1 + Scope 2 / R\$ million)

3

Disclose CPFL Energia actions to adapt to climate change



In 2021, **we drafted and published** "Our Journey against Climate Change" on our institutional site. **Click here** to consult.



4

Refurbish at least **40,000** pieces of equipment (transformers, voltage regulators, reclosers, etc.) by 2024



Since 2020, CPFL Serviços has refurbished **21,043** pieces of equipment that could be reused in distribution networks, reducing the need for new materials.

5

Ensure that **100%** of primary components in the system go to recycling or reverse logistics chains by 2024



In 2021, **100%** of critical components, such as transformers and recyclable materials, were sent to systems for reuse or reverse logistics.
Since 2020:

- **382,000** poles have been reused.
- **13,783,000** tons of copper, aluminum and iron were sent for reverse logistics.

SMART SOLUTIONS

Providing the solutions for the future of energy



6

Implement telemetering for **100%** of Group A customers by 2020



All Group A customers* in the four distributors' concession areas have already installed telemetering systems to measure consumption. Around **36,000** consumer units receive medium and high voltage electricity (equal to or higher than 2.3 kV).

**Considers active Group A customers with indirect measurement served by telemetry.*

7

Invest **R\$ 350 million** in distribution system automation by 2024



Since 2020, a total of **R\$ 160.4 million** has been invested in circuit reclosers, switches and other remotely controlled equipment.

8

Provide **90%** of customer service through digital channels by 2024



In 2021, **89.2%** of customer service contacts in the entire concession area were made through digital platforms and channels. Since 2020, **R\$ 11.6 million** has been invested in projects to transform these platforms.

9

Invest **R\$ 45 million** in developing electric mobility technologies by 2024



In 2021, we invested **R\$ 24.4 million** in projects to promote development of electric-powered systems and vehicles, with a total of **R\$ 40.6 million** already invested. One of the chief initiatives conducted during the year was electrification of **100%** of the service vehicle fleet in the municipality of Indaiatuba, which is served by CPFL Piratininga.

10

Offer our customers **low-carbon energy transition solutions**



We provide companies with the opportunity to fully offset GHG emissions, with registration, revalidation and verification of projects issuing carbon credit. There are already **11 projects** registered in the regulated and voluntary carbon market, with the potential to neutralize **2.4 million** metric tons of GHG. In 2021, we finalized the sale of **368,018** International Renewable Energy Certificates (I-REC) to Ascenty, Latin America's largest Data Center infrastructure company.

SHARED VALUE

Maximizing our positive impacts in the community and value chain



11

Invest **R\$ 150 million** in energy efficiency initiatives at public hospitals by 2022



CPFL nos Hospitais has already invested a total of **R\$ 155 million** since the project began. Altogether, **204** health institutions in our concession areas have already benefited and **121** projects are underway. A total of **325** institutions will be covered by 2022.

12

Invest **R\$ 200 million** in energy efficiency initiatives in low-income communities by 2024



Since 2020, we have disbursed **R\$ 84 million** through the Energy Efficiency Program to projects and initiatives to improve people's quality of life, with actions to change out lightbulbs and refrigerators, making household consumption more efficient.

13

Maximize our positive impact on communities by investing **R\$ 60 million** in social projects by 2024



Since 2020, Instituto CPFL, which is responsible for managing our social investments, has already given **R\$ 41.8 million** to programs and projects for social transformation through culture, sports and health in communities in the regions where we are present.

14

Continually strive to **improve health and safety indicators**, intensifying our actions for employees, communities and suppliers.



We have expanded awareness initiatives and leadership and team training on a culture of safety. In 2021, we created mini-training centers at our units with this goal. We also continued our talks and educational programs to prevent accidents with this population. The number of fatal accidents with this population fell by **28%** and is at one of the lowest rates on record in recent years. Total incidents with this population are also down by **20%**.
Despite these efforts, we sincerely regret the occurrence of two fatal accidents in our own operations and seven fatal accidents in third-party operations last year.

15

Integrate aspects of sustainability into the monitoring process for **100%** of critical suppliers by 2024



In 2021, **167** critical suppliers were subjected to assessment processes based on sustainability criteria. This total accounts for **85.6%** of the distributor supplier base* that is eligible for monitoring.

**The critical supplier base in December 2021 included 195 companies.*

Sustainable energy

Our corporate strategy is geared toward promoting stronger renewable resources in the national energy matrix, helping to lower fossil fuel use and greenhouse gasses. We work with a focus on excellence in management and operations, in order to prevent or minimize environmental impacts, promoting the efficient use of natural resources, the circular economy and reuse of materials and waste across all of our operations.

Renewable energy sources

Growth in energy generation parks using renewable resources has brought a variety of benefits to the people of Brazil. According to a study by Empresa de Pesquisa Energética (EPE), the construction of small hydroelectric power plants, wind farms and solar plants has the following positive social and environmental impacts:

- **Contributes to a strategy of reducing emissions, as proposed in the National Policy on Climate Change (or PNMC, its acronym in Portuguese)**
- **Promotes creation of direct and indirect jobs**
- **Supplements the energy supplied by hydroelectric plants, with favorable conditions for generation during droughts**

96%
of our generation portfolio comes from renewable resources

Tanquinho Solar Plant and Tanquinho Substation (SP)

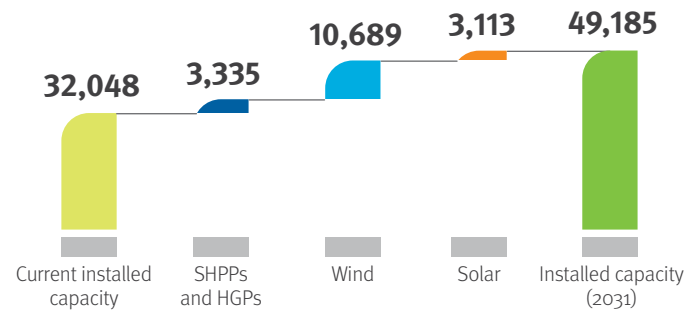
In this context, since 2010, it has been a policy at our company to only invest in renewable generation sources, directed by the action of CPFL Renováveis. The company has a pipeline of greenfield projects and acquisitions (M&As) totaling 3,350 MW. The opportunities mapped are evaluated in detail, considering the impacts of energy prices and the capital allocation strategy, with financial discipline outlined by shareholders.

In the current asset portfolio, our strategy is to reach better rates of availability for generation, reducing unscheduled stoppages and corrective maintenance. To do this, we aim to optimize Operation and Maintenance (O&M) processes, by implementing new technologies to monitor equipment, performing diagnostics and predictive maintenance, and training engineering and field teams.

Through these actions, we reached an average rate of availability of 96.28% among hydroelectric generation assets in 2021 (HPPs, SHPPs and HGPs).



Evolution in installed capacity (MW) | renewable sources



Source: Análise Socioambiental das Fontes Energéticas do PDE 2031 – EPE | January 2022

In 2021, CPFL Renováveis finished construction on the Gameleira Wind Complex, with **81.65 MW** of installed capacity

CPFL Renováveis Wind Complex

Dam safety



The safety of energy generation assets is one of the most important aspects in managing our business. In 2021, we created an Asset Safety Plan that expands and customizes operational safety practices in the electrical industry to make them more effective in the environments where we work.

With this measure, we mapped 47 actions to further increase safety in operation and maintenance of our generation assets. These enhancements will be finalized in 2022, with progress made on a variety of fronts - from training employees to changing procedures (such as Preliminary Risk Assessment).

Dam safety is one of the most important aspects of our business. We monitor SHPPs and HGPs through a Dam Safety Management System, a digital

platform using cloud computing resources to monitor changes in these structures' behavior in real time, in addition to using data science and machine learning tools, applied to analyzing data on structure behavior, enabling immediate identification of any changes to standards. We also have an engineering team dedicated to inspections, technical analyses and management, as well as field teams that perform regular inspections and verifications of high-precision instruments at these assets.

The processes we carry out comply with the requirements of the National Dam Safety Policy (Law no. 12.334/10, updated by Law no. 14066/20), including the creation of Dam Safety Plan and Emergency Action Plan, when applicable.



Campos Novos
HPP

Climate change: adaptation and mitigation

The impacts of climate change on every production chain led to approval by UN signatory countries of the Paris Agreement in 2015, with the goal of keeping the average global temperature from rising above 1.5°C. In 2021, various countries revised their goals to fight global warming at COP26 - the United Nations Climate Change Conference, held in Glasgow (Scotland).

Brazil announced its new Nationally Determined Contribution (or iNDC), with a commitment to cut domestic emissions by 43% by 2030, based on total emissions in 2005.

This global and national context has a huge impact on the electrical sector and, therefore, on our business. The need to reduce emissions creates opportunities to grow renewable generation and develop projects that create carbon credits, offsetting emissions from other productive sectors.

On the other hand, the intensification of climate changes creates risks for infrastructure and for operational capacity in and of itself. Longer droughts can impact hydroelectric generation and more intense rainfall has the potential to damage distribution and transmission systems.

FOUR ACTION FRONTS

To confront climate change, we assess and implement different actions to adapt business and mitigate impacts related to our activities, particularly greenhouse gas emissions. Our initiatives are focused on four fronts of action, resulting in actions and guidelines for executing projects.



Our Journey

In 2021, we discussed the progress made in our management model and the practices we have adopted in the "Our Journey against Climate Change" publication. This is one of the public commitments that we undertook in the Sustainability Plan, providing even more transparency to our position.

Among other aspects, this document details the risks and opportunities related to climate change that we have identified in our business, along with procedures for quantifying greenhouse gas emissions and the ways in which we engage with our value chain.



To learn more, access the **"Our Journey against Climate Change"** publication.



Since 2020, the Santa Clara and Eurus VI projects have been part of the Climate Commitment Program, which brings together companies that want to support social and environmental projects and foster a low-carbon economy by jointly offsetting GHG emissions.

For the electrical sector, the potential impacts are clearly measurable along the chain, from the generation segment to the final supply to our customers. Following this trend, in 2018 we structured our low carbon portfolio, creating a centralized structure for managing the portfolio of two main products: carbon credits and renewable energy labels.

The impact of this internal assessment of a transition to a low carbon market showed that the CPFL Group's current strategy has a competitive advantage, since we have mostly renewable sources in our energy generation portfolio.

To measuring this impact, we have included it in our Sustainability Plan, specifically in commitment 02, which monitors our most significant emissions (Generation and Distribution) in relation to the group's net operating revenue.

In addition, to expand the level of quality of our services, investment commitments were also agreed in our Sustainability Plan with the objective of strengthening our customer-focused strategy:

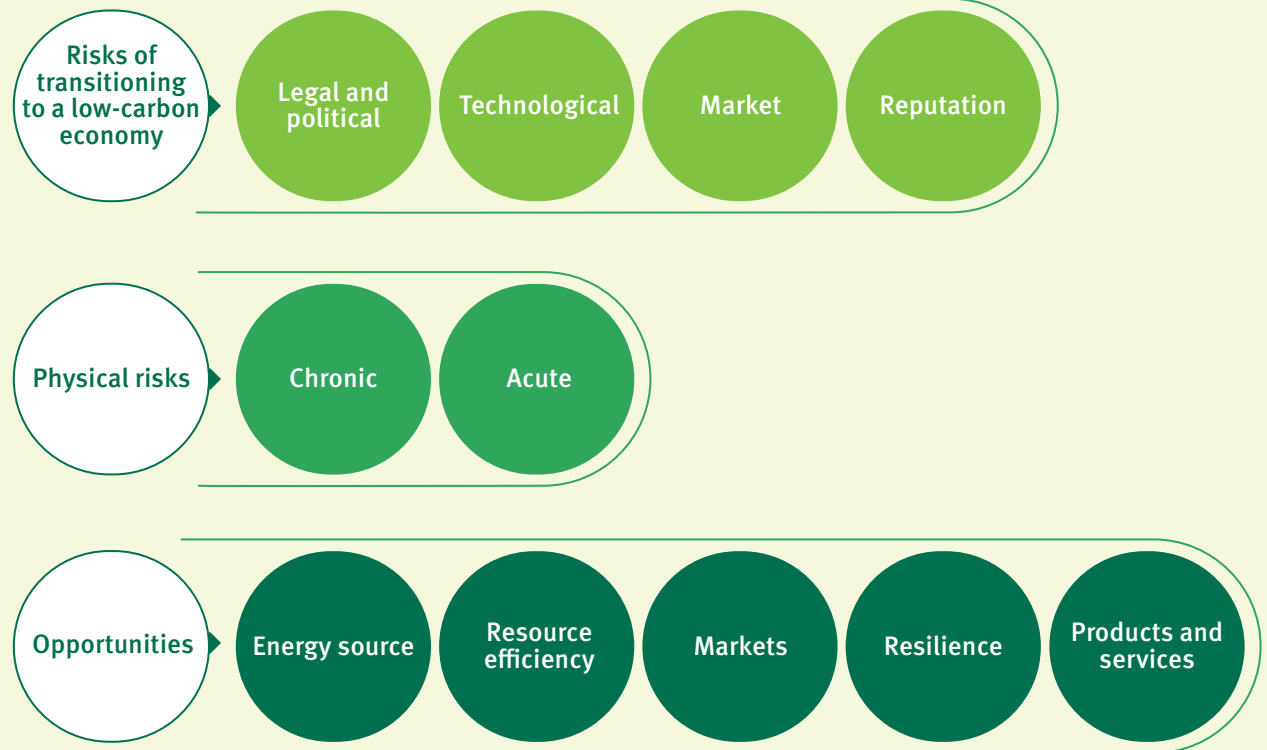
- (a) Invest R\$350 million in distribution network automation by 2024;
- (b) R\$45 million in the development of electric mobility technologies by 2024;
- (c) Invest R\$150 million in energy efficiency actions in public hospitals by 2022);
- (d) Invest R\$200 million in energy efficiency actions for low-income communities by 2024;
- (e) Maximize our positive impact on communities by investing R\$60 million in social projects by 2024.

Classification of climate change risks and opportunities



We carry out a structured assessment of climate change risks, impacts and opportunities in relation to our business. This

is based on the Task Force on Climate-Related Financial Disclosures (TCFD) methodology, an initiative to which our company is a signatory.



GHG emissions

We monitor our activities' greenhouse gas emissions (GHG) through the Annual Inventory, produced according to the premises of Brazil's GHG Protocol Program. This document covers the three scopes of emissions and contains information verified by a third-party company and was given a Gold Seal for its adoption of best practices.

The inventory enables identification of opportunities to reduce emissions through initiatives to enhance our operations. These actions include the use of biofuels or electric vehicles in fleets, for example, along with plans to reduce suppression of plants when building transmission and distribution lines.

GHG emissions resulting from electrical energy generation at our Thermoelectric Plant (EPASA) account for over 80% of our scope 1 emissions and for 30% of total CPFL group emissions, with activation of this plant being controlled directly by the National System Operator (or ONS, its acronym in Portuguese). CPFL is solely responsible for the plant's maintenance and availability.

Compared to the previous year, Scope 1 emissions (direct) totaled 607.3 thousand tCO₂e, representing an increase of 97%.

Scope 2 emissions (comprised mostly of technical losses in distribution) totaled 592.4 thousand tCO₂e, which represents a rise of nearly 104% year-over-year. This was mainly the result of the factor being increased by the National Interconnected System (or SIN, its acronym in Portuguese). Administrative buildings consumed a total of 34,420 MWh of energy in 2021.

In 2021, our scope 3 emissions totaled 424.5 thousand tCO₂e. This increase is related to a revision and expansion of the scope of emissions sources in 15 categories under this scope, reinforcing our commitment to engage the value chain to achieve a low-carbon economy. In 2021, the CPFL Group's total electricity consumption was 52,298.87 MWh (188,275.95 GJ).

GHG emissions inventory (thousands of tCO₂e)

Emissions by scope	2021	2020	2019
Scope 1	607.3	308.3	425.4
Scope 2	592.4	290.7	359.3
Scope 3	424.5	13.2	32.8
Biogenic CO ₂ emissions (tCO ₂ equivalent) connected to scope 1	3,661.2	5,568.1	5,034.4

GHG emission intensity indicators

	2021	2020	2019
By energy generated (tCO ₂ e of Scope 1/GWh)	45.60	27.0	32.5
By energy distributed (tCO ₂ e of Scope 2/GWh)	8.62	4.4	5.2
By net operating revenue (tCO ₂ e Scope 1 + Scope 2 / R\$ millions)	30.82	19.4	26.2

Fuel consumption (GJ)

	2021	2020	2019
Acetylene	17.45	0.00	0.00
Diesel / Brazil	370,753.15	344,043.00	215,080.00
Gasoline / Brazil	37,597.94	28,615.00	32,131.00
Liquified petroleum gas (LPG)	225.15	109.00	177.00
Natural gas	26,548.92	0.00	0.00
Fuel oil	11,691,827.79	1,122,575.00	2,048,137.00
Total non-renewables	12,126,970.40	1,495,342.00	2,295,525.00
Biomass / Sugarcane bagasse (BEN)	35,934,136.15	42,658,935.00	38,547,440.00
Ethanol (considers 27% gasoline blend)	111,189.17	51,879.00	58,112.00
Wood from renewable sources	503,792.58	-	-
Biodiesel (10% do diesel)	41,194.79	34,656.00	21,665.00
Total renewables	36,549,117.90	42,745,470.00	38,627,217.00
Total	48,717,283.10	44,240,812.00	40,922,742.00

Environmental management

The environmental aspects of our business are managed in an integrated way, yet while still considering the specifics of each segment of operation - generation, transmission, distribution and services. The Environmental Management System (EMS), which operates in line with ISO 14001, covers the policies and procedures necessary to ensure compliance with the laws pertaining to each type of business, compliance with obligations and conditions required by various environmental licenses, respect in relations with local stakeholders, awareness of opportunities for operational gains, continued improvement, and preventive management of a variety of associated risks.

One of the main processes managed and systematized by the EMS is the attainment of environmental licensing. During the planning stage (preliminary license), social and environmental studies are done with the goal of identifying project's potential effects concerning local environmental and socio-economic aspects.

Care is reinforced in the other development phases (installation and operating licenses), adopting stringent environmental controls in the installation phase along with efficient monitoring systems. A constant focus on the precautionary principle, always aimed at minimizing undesired effects and mitigating negative impacts, is worth noting.

Constant oversight by different environmental agencies of activities

developed in the field also deserves to be highlighted, whether through on-site inspections or through oversight of periodic reports containing the results of the environmental monitoring programs.

Today, there are initiatives geared toward eco-efficiency at our administrative units, with the installation of cisterns and solar panels, as well as the changing of water and energy equipment with more efficient equipment.



Seedling nursery

Our Environmental Management System is certified according ISO 14001

Waste and circular economy

Waste management is a highly relevant topic in the distribution segment. Oriented by the circular economy concept, we work with the goal of reducing the amount of material discarded and to increase solutions to reuse equipment and recycle waste.

CPFL Soluções, our equipment refurbishment company, is one of the key initiatives we carry out to reach this goal. Through its activities, we promote recovery of transformers and voltage regulators, so that they can be reused in energy distribution networks. Materials that cannot be reused - such as copper wires, poles and current isolators - are sent to recycling companies, adding value to reverse logistics.

In 2021, the refurbishment company expanded its scope of action and began to serve other distributors in addition to those controlled by CPFL Energia. With this, its production capacity was increased in order to assess 1,290 pieces of equipment per month. Approximately 60% of this total was reused by distributors, generating an annual savings of around R\$ 8 million.

In the generation segment, generation control and waste disposal processes are being gradually centralized and integrated into the Integrated Management System. In 2021, 100% of all hazardous waste accounted for in the generation segment was sent for co-processing.



Equipment Refurbishment in São José do Rio Pardo (SP)

Hazardous waste disposed by method (t)¹

	2021	2020	2019
Recovery/co-processing ²	852.6	392.3	231.8
Reuse ²	76.9	774.6	0.0
Recycling ²	70.0	162.5	236.5
Landfill ³	76.4	475.1	70.7
Incineration ³	2.5	6.5	9.8
Subtotal	1,078.4	1,810.9	548.8

¹Information related to CPFL Paulista, CPFL Piratininga, CPFL Santa Cruz, RGE and CPFL Serviços, which represent 90% of the gross income of CPFL Group.

²Treatment methods and reinsertion in production chains (GRI 306-4).

³Final disposal methods (GRI 306-5).

Non-hazardous waste disposed by method (t)¹

	2021	2020	2019
Landfill ²	113.8	226.3	165.4
Co-processing ³	35.1	19.7	37.2
Composting/Recycling ³	15.3	34.9	0.0
Public collection service ⁴	1.594.3	-	-
Subtotal	1,758.5	281.0	202.6

¹Information related to CPFL Paulista, CPFL Piratininga, CPFL Santa Cruz, RGE and CPFL Serviços, which represent 90% of the gross income of CPFL Group.

²Final disposal methods (GRI 306-5). The corporate headquarters in Campinas and the administrative unit in Jundiaí are considered.

³Treatment methods and reinsertion in production chains (GRI 306-4)

⁴This indicator started to be reported from 2021. The calculation is based on an estimate of 130 kg/employee/year, considering a working day of 8 hours (1/3 of the value indicated by ABRELPE).

Types of waste disposed (t)¹ - Generation

	2021
Class I	90.2
Class II - Public collection service ²	37.4

¹These indicators started to be reported from 2021

²The calculation is based on an estimate of 130 kg/employee/year, considering a working day of 8 hours (1/3 of the value indicated by ABRELPE).

Impacts on biodiversity

The main impacts of our business on biodiversity occur in the energy generation and transmission segments, especially during construction of these assets, when native vegetation is suppressed. Although these processes follow all applicable laws and requirements set forth in environmental licenses, the reduction of biodiversity on a local scale has a real and inevitable impact. In order to mitigate this in the medium and long term, a commitment is made with environmental agencies to replant forests through compensatory planting of tree species. These commitments include not only the planting of native species, but also maintenance of the entire area until ecological processes can guarantee their subsistence without human intervention.

To improve our environmental performance, we have worked in partnership with environmental agencies and the government to strengthen the Surplus Legal Reserve instrument, as set forth in Federal Law no. 12.651/2012. This compensation method prioritizes maintenance of remnant forests and biodiversity in excess of the percentage mandated, strengthening areas of interest for biodiversity.

By 2021, nearly 1,300 hectares of Surplus Legal Reserves in the states of São Paulo and Rio Grande do Sul had been approved as an instrument for environmental compensation. Another 20 hectares are being considered by the environmental agency in the state of Santa Catarina.

Our preserved areas fall under the legislation provided for as a Surplus Legal Reserve

1,300
hectares recognized
by 2021

*Campos Novos
HPP (SC)*



One of the main advantages of this innovative approach is the conservation of carbon stocks in areas that are already developed. The emissions prevented and preservation of the ecosystem for the development of biodiversity are aligned with the Nature-Based Solutions concept, according to the guidelines of the International Union for Conservation of Nature (IUCN).

In the asset operation phase, we develop biodiversity monitoring and oversight programs in preservation areas, with regular reporting to environmental agencies. Hydroelectric plants also promote restocking of reservoirs by releasing fish that belong to the local ichthyofauna.

We monitor the impacts of our assets on biodiversity during the operation phase, including the proximity to conservation units

Interaction of our units with conservation units

Operational units	Company area (hectares)	Position in relation to the conservation unit (outside/inside/adjacent/near)
Boa Vista II SHPP	261	Adjacent to Nova Baden State Park
Jaguari SHPP	118	Adjacent to the Campinas Environmental Protection Area and Piracicaba Juquerí-Mirim area II Environmental Preservation Area
Ludesa SHPP	1002	Near (9 km) the Mata Preta Ecology Station
Ninho da Água SHPP	24	Inside of the Serra Da Mantiqueira Environmental Protection Area
Novo Horizonte SHPP	82	Adjacent to Rio Turvo State Park
Salto Grande SHPP	20	Adjacent to the Campinas Environmental Protection Area
Santana SHPP	178	Adjacent to the Mata do Jacaré Ecology Station
São Gonçalo SHPP	231	Near (5 km) the Piracicaba Environmental Protection Area
Socorro SHPP	6	Near (10 km) the PIRACICABA Juquerí-Mirim AREA II Environmental Protection Area
Tanquinho Solar Plant	42	Near (0.5 km) the Campinas Environmental Protection Area
Baia Formosa Biomass	0	Near (3 km) the Mata Estrela private natural heritage reserve
Baia Formosa Biomass	0	Near (7 km) the Piquiri-Uma Environmental Protection Area
Ester Biomass	0	Near (8 km) Matão De Cosmópolis Relevant Ecological Interest Area
Ipê Biomass	0	Near (5 km) the Guarani Municipal Ecology Station
Macaco Branco SHPP	7	Adjacent to Environmental Protection Area Piracicaba Juquerí -Mirim area II, also adjacent to Campinas Environmental Protection Area
Rio do Peixe II SHPP	126	There is no conservation unit near the asset
São José HGP	847	Adjacent to Carlos Botelho State Park
Lavrinhas HGP	51	Near (4 km) Carlos Botelho State Park
Turvinho HGP	14	Near (5.5 km) Carlos Botelho State Park
Santa Alice HGP	1	There is no conservation unit near the asset
São Sebastião HGP	8	There is no conservation unit near the asset
Pinheirinho HGP	44	There is no conservation unit near the asset
Termoparaíba and Termonordeste TPPs (Epasa)	79	There is no conservation unit near the asset
Barra Grande HPP (protected and recovered areas)	12,580	Adjacent to Emilio Einsfeld Filho Private Natural Heritage Reserve
Campos Novos HPP - protected and recovered areas (Enercan)	5,050	Adjacent to Rio Canoas Park
Foz do Chapecó HPP	12,904	Near (13 km) Chapecó National Forest - FLONA
Monte Claro HPP (Ceran)	360	There is no conservation unit near the asset
14 de Julho HPP (Ceran)	589	There is no conservation unit near the asset
Castro Alves HPP (Ceran)	783	There is no conservation unit near the asset
Luis Eduardo Magalhães HPP	5,669	Adjacent to Lajeado and Lago Environmental Protection Areas

CPFL Renováveis wind farm



CPFL Renováveis

At CPFL Renováveis, which opened the Gameleira Complex in 2021 and is currently building the Cherobim SHPP, the potential impacts on biodiversity related to works on new developments are covered by the following mitigation programs:

- Fauna Monitoring Program
- Fauna Rescue Program
- Flora Rescue Program
- Plant Suppression Program

Work fronts are inspected weekly, with completion of the Environmental Inspection Report (or RIA, its acronym in Portuguese) to ensure preventive actions and application of corrective measures if needed. Animal life is also monitored on a quarterly basis to keep track of the impacts caused by works.

During works to implement the Gameleira Wind Complex, 85 animals were rescued and reallocated to close-by areas that were not affected by the venture's implementation.

Weekly inspections monitor the impacts of new projects on the environment and local biodiversity

*Preserved area around
CPFL Renováveis wind farm*

In relation to plant life, during implementation CPFL Renováveis identified a vulnerable species identified a vulnerable species of the Cactaceae family from the point of view of preservation, within the area of the project: *Melocactus violaceus* Pfeiff. This species is threatened with extinction according to MMA Ordinance No. 443, of December 17, 2014. All species were collected and also relocated in nearby areas, not being affected by plant suppression.

The project also made it possible to preserve 56 hectares of Atlantic Forest biome, in the form of forestry conservation, with 4 hectares of Caatinga biome being restored within a five-year period.

Additionally, the Sustainable Production in Family Farming project, which began in 2020, involves consulting and training of farmers in six communities near the Gameleira Wind Complex in relation to managing pests and distributing production. With 90 direct beneficiaries, the initiative contributes to improving production, generating income and inclusion of products and services in the local and regional economy. Training was also held to encourage entrepreneurship and generation of income, in addition to talks on breast cancer prevention, among other actions.



At the Cherobim SHPP, intervention in the Escarpa Devoniana Environmental Protection Area will be minor. Compensatory measures have yet to be defined by the environmental agency responsible for the project's environmental licensing (IAP).

The Sustainable Production in Family Farming project, started in 2020 at the Gameleira Wind Complex, directly benefits 90 rural producers

CPFL Geração

At our hydroelectric units, reforestation and recovery projects in degraded areas were completed at the Barra Grande, Campos Novos, Monte Claro, Castro Alves and 14 de Julho HPPs. The Campos Novos HPP acquired a 1,200-hectare area as an environmental compensation measure, which was given to the environmental agency to build the Rio Canoas State Park, in Santa Catarina.

At the Foz de Chapecó HPP, the Permanent Preservation Area restoration program around the reservoir is being executed with the planting of native tree seedlings. The fauna monitoring program is also being carried out, along with 20 other environmental programs, as established in the venture's Operating License. Another initiative being developed is the annual release of 200,000 native species of fingerlings to repopulate the reservoir.

Units are also operating in compliance with the Environmental Conservation and Use of Reservoir Area Plans (or PACUERA, their acronym in Portuguese), which include mechanisms established to regularize access to and shared use of the

water and preservation areas. At the Foz de Chapecó HPP, the PACUERA provides specific guidelines on establishing actions to guarantee that animals can access water for drinking, with oversight and monitoring actions done by local teams.

At Foz de Chapecó HPP, we release 200,000 fingerlings per year to repopulate the reservoir

Foz do Chapecó HPP (SC)



Arborização + Segura



The Arborização + Segura (Safer Tree Planting) program began in 2015, and is now found in 87 cities in the concession areas of CPFL Energia distributors. This initiative consists of replacing large trees with species that are better suited to interaction and coexistence with electrical systems, preventing damage and supply interruptions in the event of extreme weather events - such as summer storms.

Vegetation is also replaced with the goal of increasing plant cover in urban areas. For each tree replaced, another five are planted. The program is carried out in partnership with local municipal governments and also involves environmental education initiatives at schools to provide guidance to students and teachers.

Carbon capture by seedlings is another benefit of the initiative, which are planted at a small size to give them a greater chance of taking root and preventing losses of vandalism. Moreover, there are financial gains connected to avoiding costs from maintenance and changing of equipment.

*Seedling
planting*

20,000
seedlings have
been donated
and planted
since 2015



WATER COLLECTION, BY
SOURCE IN 2021 (m³)

146,953 M³

Obtained from the system public supply to attend the headquarters of the CPFL Group

4,379,563 M³

Captured from surface and underground sources for administrative consumption and in the production processes of the generating units

Surroundings of Americana SHPP (SP)

Water resources

Our operations do not use water intensively. It is currently used mostly for human consumption, general cleaning and groundskeeping. The water supply at distributor structures and administrative buildings is guaranteed by basic sanitation companies in the municipalities where they operate. At generation enterprises, the water supply comes from collection from surface and groundwater sources, according to the determinations set forth by the respective authorizations for collection.

At hydro generation plants (HPPs, SHPPs and HGP), no surface water is consumed for operational purposes, so the quality of water resources therefore remains unaltered. The dams associated with these ventures allow rivers to flow naturally after energy is generated, ensuring the flow established in the authorization document. The communication and environmental education campaigns developed with

the goal of informing communities about shared reservoir use are worth noting.

Only in the case of thermoelectric plants, water is captured in watercourses or artesian wells and used, in a closed circuit, for cooling equipment (oil units) and in production processes (biomass units). Water replacement is carried out as a function of natural losses in processes like this.

Effluents

At administrative units, 3,432,480 m³ of domestic effluents were received from local basic sanitation systems.

Preventive measures were adopted in relation to effluents generated in production processes at plants to prevent leaks and assure the integrity of structures. Treatment systems were furthermore implemented, in an effort to adapt effluents' physiochemical and biological conditions prior to discharging them into the environment and in order to prevent contamination and other impacts that could harm the quality of the water bodies receiving them. There were 32,111.52 m³ of effluents at generation units. It is worth noting that the results of monitoring are periodically sent for evaluation to the environmental agencies responsible for overseeing the environmental performance of the respective ventures.

At generation units, there were 32,111.52 m³ of domestic effluents. It is worth noting that the results of the monitoring are sent periodically for

evaluation by the environmental bodies responsible for monitoring the environmental performance of the respective projects.

Effluent generation was calculated based on the number of employees and number of days worked per unit, totaling 3,464,592 m³ in 2021.

3.5 million
cubic meters of
effluents were
generated in 2021



Watercourse where the Foz do Chapecó HPP is located (SC)

Smart solutions

New technologies and digitalization are transforming the electrical sector. Our investments are aimed at raising customer satisfaction and efficiency, with quality and security to benefit employees and communities. We also connect innovation and continual improvement projects in every business segment with the chief macro trends in our industry - decarbonization of the energy matrix, electrification of mobility, and construction of smart and connected networks.



Telecom Operations Center in Campinas (SP)



All Group A customers, in the concession areas of the four distributors, already have telemetering systems installed*

**Considers active Group A customers with indirect measurement served by telemetry.*

Telemetering

Telemetering is one of the innovations with the most potential to transform the electrical industry. Smart meters, connected to distributor databases, have the potential to make customer communication and billing processes more efficient, streamlining monitoring of network failures, among other advantages offered by digitalization.

In our four distributors' concession area, all Group A (medium and high voltage) customers already use telemetering. These are large industrial and commercial customers, served by electricity at a voltage equal to or higher than 2.3 kV.

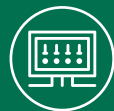
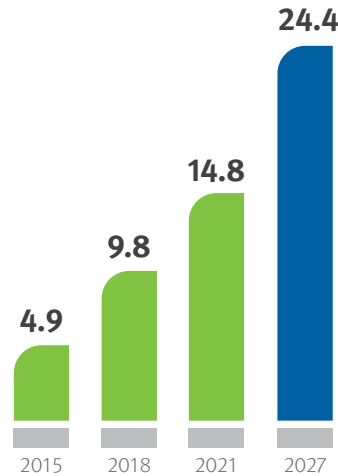
In 2020, we finalized a telemetering project for all Group B (residential and small commercial) customers in the municipality of Jaguariúna (São Paulo), who are served by CPFL Santa Cruz. This pilot initiative was conducted to assess the feasibility of massifying this innovation in the other municipalities that we serve. Assessments continued throughout 2021. An estimated investment of around R\$ 5 billion over the next ten years is needed to install smart meters throughout our concession area and this matter is being evaluated along with electrical sector regulation agencies.

Grid automation

Installation of smart and automated equipment in distribution networks adds value to our business, leading to resolution of problems and allowing measures to reestablish power to be more easily and efficiently executed. Automatic circuit reclosers are, for instance, one solution to respond to temporary interference in the electrical system, such as tree branches that fall on cables because of rain or wind.

Nearly 15,000 automatic circuit reclosers have been installed by our distributors since 2015. With this investment, we have achieved reductions in supply interruption times for customers and are able to move teams faster. Our goal is to have 24,400 pieces of this type of equipment by 2027.

Number of reclosers installed (thousand)



We have more than 14,900 automatic reclosers in our distribution network

Another innovation we have adopted are outage identifiers. These geolocation sensors send remote signals to Operations Centers when they detect power supply problems, facilitating localization of points in need of repair. Maintenance teams are therefore able to more easily move to execute repairs.

Remotely-controlled toggle switches also provide gains in operational quality and efficiency.

Equipment responds to remote commands from system operators, so that measures can be taken during critical events, isolating areas without power and affecting fewer customers.

In 2021, R\$ 1.48 million was invested in initiatives related to increasing the reliability of grids and the availability of power to customers, in line with the plan outlined for the period.

Investments connected to energy reliability and availability in distribution (R\$ millions)

	2021	2020	2019
Customer service ¹	568.1	367.6	293.8
Support for market growth	604.3	527.9	400.4
Maintenance and improvements to the electrical system ²	1,548.6	1,291.9	1,154.1
Other	306.7	129.4	185.0
Total	3,027.7	2,316.8	2,033.3

¹Includes recovery of commercial buildings. Amounts net of special obligations.

²Includes special projects, labor capitalization, Occupational Health and Safety and logistics operator.

Innovation projects

Our investments in innovation are made with the goal of connecting our business to the main trends in the electrical and accelerating attainment of the targets and goals outlined in the five-year Strategic Plan. Investments in innovation totaled R\$ 84 million in 2021, in addition to funds allocated by distributors and generation and transmission companies.

In 2021, we made a technology roadmap with a ten-year horizon, aimed at materializing a future outlook and showing the company's strategic territories in innovation projects and initiatives. The initiative involved interviews with internal and external experts, alignments, benchmarking and studies carried out over four months of work.

Based on this view of strategic innovation, we put together guidelines for conducting the innovation process. Investments in Research and Development (R&D) are geared toward operational excellence projects and long-term structuring initiatives. On another front, we work to promote a culture of innovation, involving employees and the startup ecosystem.

Distributor R&D investments (R\$ thousands)			
	2021	2020	2019
Alternative sources of electrical energy generation	0	29	683
Safety	7,472	4,640	1,547
Energy efficiency	7,753	17,382	6,204
Electrical energy systems planning	10,199	14,038	2,588
Electrical energy systems operation	2,914	2,692	2,300
Supervision, control and protection of electrical energy systems	5,444	5,008	2,885
Quality and reliability of electrical energy services	1,260	1,839	2866
Metering, billing and combat of commercial losses	4,841	6,687	8,256
Other	26,097	18,302	2,196
Management programs*	1,929	1,706	1,781
Total	67,909	72,322	31,306

*Category that encompasses values related to the time dedication of team members, activities of prospecting, dissemination of closed projects and other activities inherent to the R&D program.

Generators and Trasmitters R&D investments (R\$ thousands)			
	2021	2020	2019
Alternative sources of electrical energy generation	28	15	133
Thermoelectric generation	4,771	2,852	395
Management of basins and reservoirs	2,710	4,966	3,398
Environmental	825	1,300	1,737
Safety	2,725	2,783	2,135
Energy efficiency	1,967	6,571	1,989
Electrical energy systems planning	-28	1,242	1,411
Electrical energy systems operation	1,043	-3	478
Supervision, control and protection of electrical energy systems	2,103	409	556
Quality and reliability of electrical energy services	320	0	0
Metering, billing and combat of commercial losses	0	0	0
Other	723	229	0
Management programs*	271	677	641
Total	17,457	21,042	12,871

*Category that encompasses values related to the time dedication of team members, activities of prospecting, dissemination of closed projects and other activities inherent to the R&D program

CPFL Inova

The CPFL Inova program promotes acceleration of startups with disruptive innovation projects for the electrical sector. Two acceleration rounds, carried out in partnership with the Endeavor platform, make it possible to monitor 24 companies with innovative ideas and projects.

Culture of innovation

A culture of innovation is promoted at our company in a multidisciplinary way, with a wide-ranging set of initiatives.

- **Corporate Innovation Program**

Made up of initiatives fostering innovation, thinking outside of the box and the search of new solutions, reinforcing the theme of intra-entrepreneurship.

- **Innovation Week**

An annual event covering topics related to innovation in roundtable discussions, talks, workshops, and courses providing training on new methodologies.

- **INLAB**

An in-house training program for ideas focused on contributing solutions to the major strategic challenges in the energy sector.

- **Innovation Trail**

A program providing training and development in Innovation (Design Thinking, Entrepreneurship, and Research & Development), in partnership with Universidade CPFL.

Electrical mobility

The theme of electric mobility and electrification of vehicles is one of the trends in innovation we have been assessing since 2007. Through a variety of initiatives that we execute, we try to understand the impacts, risks and opportunities that growth in the electric vehicle fleet poses for the electrical sector, along with the infrastructure for serving this new urban mobility model, in connection to the concept of smart cities.

With an investment of R\$ 2.8 million, by 2022 we will finalize electrification of 100% of the operational fleet in the city of Indaiatuba (São Paulo), which is served by CPFL Piratininga. The municipality is served by 20 electric vehicles and has 13 electric vehicle charging stations, infrastructure that also contributes to reducing greenhouse gas emissions. The program will also enable development of the first electric truck in Brazil.

Another R\$ 12 million were allocated to the purchase of 53 electric vehicles, focused on generating data for monitoring impacts and risks for the electrical system.



Employee charging electric operation vehicle

Energy storage

The Storage Program is an innovation initiative to assess the benefits and impacts of inserting and using energy storage systems with batteries across the electrical grid.

In 2021, we completed installation of five systems that use lithium-ion batteries. These systems started up operations at a Group A commercial customer, in two residential condominiums, at a power substation, and at a plant within the Campo dos Ventos Wind Complex (Rio Grande do Norte), held by CPFL Renováveis.

The systems are expected to be capable of guaranteeing energy supply in the event of a supply outage, eliminating the need for fuel-powered generators that use diesel. The direct benefits are a reduction in emissions and greater supply security, since momentaneous outages will be eliminated.

Focus on the customer

Satisfaction and the best customer experience are one of the pillars of our business strategy. In every channel, we try to deliver excellence in service, simplify services and make the customer journey more intuitive, agile and efficient to resolve key demands.

To ensure organizational alignment within this objective, the first step was including a focus on the customer on executive agendas. The CFI – Customer Focus Index was created to serve as a target for leaders at every level. This index is made up of four indicators related a commitment to customer satisfaction (reducing complaints, issues originating from the ombudsman, IASC satisfaction survey and CSAT following phone service).

We also kicked off the Simplify project in 2021. This initiative was designed to map and assess the different journeys customers take in their relationship with our company. Identification of the paths taken and of requests, service assessment, and a verticalized understanding of demands will guide investments and enhancement across all channels.

One action plan that has already been implemented in digital billing is simplification of how billing information is shown and easier access to detailed information.

The Easy Bill is another solution we have adopted to improve customer advising and understanding regarding the items related to power consumption. The latest version of the app now informs customers of their meter's reading status. The customer is notified of any factor preventing the meter-reader from accessing the meter that forces billing to be done based on

average consumption, so that the necessary corrections can be made.

In the first quarter of 2021, customers with digital bills were awarded through the "Digital Billing, Cash in Hand" program within the Lottery Registration project, incentivizing digital billing and updating of registration information.

CPFL Energia customer



In recent years, WhatsApp has become one of the most widely used platforms by customers to make requests for services and demands, such as obtaining a copy of their bill. In 2021, we moved the platform used by the Chatbot to customer service, guaranteeing the availability of more resources and services to improve the digital experience. Distributor websites were also renewed in 2021, making a virtual assistant available that permits interaction through voice messages.

In 2021 we reformulated our homepage www.cpf.com.br, as well as www.rge-rs.com.br focusing on the customer experience, security



CPFL Energia customer

and accessibility. Our accessibility score rose to 8.2, which places the website at a level considered as accessible for the visually impaired. Within this reformulation, we also created a new website (www.grupocpfl.com.br) to consolidate our businesses and the brand's holding. In 2022, services and customer journeys will also be overhauled.

We improved our algorithm for predicting power outages and energy reconnection, providing more assertive information to our customers, as this information is dynamic, considering the new operation and dispatch systems.

Call recording systems were replaced at the Call Center, implementing a new phone contingency system (toll-free number) for operation on the cloud, making it redundant and stronger.

Forty-five new totems were implemented at brick-and-mortar stores, with ergonomic adaptations for all user profiles, including wheelchair users and people with impaired movement. In compliance with regulations, we also have dedicated toll-free numbers for those with speech and hearing disabilities. Improvements were made to the toll-free IVR channel in 2021 in order to obtain information on various types of services.



Customer Forum (Customer Voice)

In 2021, we created the Customer Forum to accelerate transformation and place even more priority on customer service at our distributors. In order to increase executive engagement, we invited specialists from other companies recognized for their excellence in customer relations to share their experiences and discuss cases.

At monthly Forum meetings, we look at the key service and satisfaction indicators collected through service channels, defining actions plans for execution. Two priority topics were covered in 2021: service for new calls and treatment of billing complaints. During 2022, we executed preliminary action plans that were mapped to grow the supply of services and simplify these journeys.

Energy transition solutions

Supplying solutions that support our customers in transitioning to less carbon-intensive production models is part of our commitment to an agenda of sustainable development. For example, we invest in projects that generate carbon credits to offset greenhouse gas emissions (GHG).

We currently have 11 projects in our portfolio, with the potential to offset 2.4 million metric tons of carbon (tCO₂e) annually. These projects are registered in the regulated (CDM) and voluntary (VCS) markets. In 2021, we sold 6.2 million credits and re-validated the CDM project at the Campo dos Ventos II Wind Complex. Each certificate is equivalent to the prevention of 1 metric ton of carbon being emitted.



CPFL Renováveis wind farm

Another product we offer through CPFL Soluções is Renewable Energy Certificates (I-RECs), providing free market customers assurance that they are purchasing energy that comes from renewable resources. Right now, we have five assets in our generation portfolio that are certified for the sale of I-RECs, with the potential to sell up to 1.3 million certificates annually.

R\$ 6.9 million

in additional revenue in 2021 with the sale of CDM and VCS carbon credits

385,600

renewable energy certificates (I-RECs) sold



Shared value

Our action provides benefits and has positive impacts on all of our company's stakeholders. We promote development of employees, communities, suppliers, civil institutions and society in general through projects and structured actions, connecting the energy supply to promoting sustainable development and prosperity in the regions where we operate.

Discover the main projects and actions below carried out during 2021.

CPFL nos Hospitais

The CPFL nos Hospitais Program is an integrated action we carry out to promote energy efficiency and better public service. The initiative works on three fronts to support health institutions:

- **Energy efficiency:** with resources from the Energy Efficiency Program, regulated by ANEEL, we support hospitals through different efficiency initiatives. We installed photovoltaic panels for self-generation, replaced lights with LED lighting and installed more efficient equipment to generate savings in energy consumption.
- **Social actions:** Instituto CPFL runs initiatives geared toward humanizing patient services, through the performing arts, games and fun activities. Actions are also developed to improve infrastructure and support the performance of clinical oncology studies.
- **Fund-raising:** the Hospitais com + Saúde (Healthier Hospitals) initiative provides the opportunity for customers to make donations to hospitals through their power bills.

In 2021, CPFL nos Hospitais was chosen to be part of the international panel on **SDG Good Practices**. This recognition is promoted by the UN to share positive experiences from initiatives connected to the Sustainable Development Goals and that can be replicated in other countries.

+ R\$ 150 million
invested

204 hospitals
benefited since 2019 and
121 running projects

2,287 tons
of CO₂ equivalent were
avoided with efficiency actions
at hospitals

463,000
people benefited from
humanization initiatives and
projects to improve hospital
infrastructure carried out by
Instituto CPFL in 14 hospitals

+ 105,000
lightbulbs were replaced with
more efficient LED models

30 GWh
of solar energy generated

Energy Efficiency Program

Our Energy Efficiency Program (EEP) is executed according to the ANEEL normative instructions. It mostly benefits low-income customers in our distributors' concession areas. In 2021, we invested R\$ 164.5 million in initiatives to replace home appliances and conventional lightbulbs, among other initiatives.

These initiatives account for an annual savings of around 44.2 GWh of electricity, which is enough to power 22,000 homes for one year.

CPFL Energia's customers



+ 42,000
low-income families
benefited from EE programs
in 2021

113,575
lightbulbs were
replaced through energy
efficiency actions

4,416
regularized
connections for
low-income families

3,206
heat exchangers
installed

EEP Investments (R\$ thousands)

	2021	2020	2019
Education	4,634.7	5,897.6	2,906.4
Public lighting	23,469.8	20,186.3	971.1
Low-income	24,265.4	50,801.7	24,036.6
Residential	6,774.0	15,688.0	2,254.0
Management plan	6,042.2	657.7	2,036.1
Commerce and services	5,248.3	5,614.3	13,134.2
Industrial	2,126.1	796.6	2,563.0
Government	89,015.3	57,562.2	21,147.3
Public services	2,909.0	6,819.8	3,321.6
Total	164,484.8	164,024.1	72,370.3

Results of completed projects submitted to ANEEL with investment

	2021	2020	2019
Energy saved (MWh)	44,284	134,720	40,278
CO ₂ reduction (metric tons) ¹	2,956	8,097	2,825
Equivalent trees planted (units)	17,738	48,580	16,951
Reduction in end demand (kW)	7,639	21,442	13,844
Lightbulbs (units)	231,419	316,593	558,285
Regularization of illegal connections (households)	4,416	3,480	8,319
Hospitals (units)	120	67	128
Students (number)	162,631	25,759	958
Solar heaters	1,349	12,098	12,180
Heat exchangers (units)	3,206	4,396	6,832
Refrigerators (units)	5,586	16,858	3,800

¹Considers the average factor used by the National Interconnected System (SIN) to calculate emissions.

Social tariff

The social tariff is a government benefit for low-income families, focused on inclusion and maintaining energy availability, helping to prevent losses in the distribution system. As a result of the social and economic impacts caused by the Covid-19, we intensified efforts in 2021 to identify customers who are able to access this benefit and receive discounts on their bill.

In December 2021, ANEEL regulated the process for automatic inclusion of beneficiaries, even when they are not enrolled in the Unified Registry for Federal Government Social Programs (or CadÚnico). Classification will now be done by cross-referencing data in Ministry of Citizenship and distributor databases.

733,000
customers
at our
distributors
are currently
registered
for the social
tariff



Instituto CPFL

Instituto CPFL centralizes and manages investments in projects that promote social development, sports and culture in beneficiary communities. In 2021, its operation was consolidated on five fronts that organize planning and execution of initiatives in line with our company's Social Investment Policy.

Social investments by Instituto CPFL (R\$ millions)

	2021	2020	2019
Direct investments	3.8	9.5	3.7
Fiscal incentives	27.5	25.1	35.6
Total	31.37	34.6	39.3

CPFL Circuit

Because of the pandemic, activities within this initiative were adapted in 2021. With this new format, the 1st Online Solar Cinema Festival was launched - "The game is on." A total of 56 short films were selected from filmmakers in 14 states in Brazil. This initiative impacted a total digital audience of 25,000 people.



In 2021, Instituto CPFL made investments of around R\$ 31.4 million. Most of these resources (66%) were directed toward activities with a social impact on the lives of people in communities located in regions where our company operates through its business. We impacted over 564,000 people in total



Hospital Sobramar, in Campinas (SP)

CPFL nos Hospitais

Throughout 2021, some of the activities supported were developed digitally because of the Covid-19 pandemic. In the second semester, with advances in vaccination, some on-site actions began to resume. Learn more about the CPFL nos Hospitais Program on page 67.

CPFL Jovem Geração

This program was present in 61 institutions, including NGOs and schools, developing social projects through culture and sports, in an effort to bring down levels of social vulnerability among children and youth in communities.

The Carreta Literária (Literature Truck), which visits six different cities with actions to access and foster reading is part of this project and it also supports Municipal Child and Adolescent Funds through projects held before and after school. It also includes CPFL Energia's volunteering program, Semear, which benefitted NGOs and developed a campaign to fight hunger year-round.

Other investments

The social investments of the Baesa, Ceran, Enercan and Foz do Chapecó HPPs are carried out independently of Instituto CPFL. They are divided into own investments and through incentive laws to contribute to the development of local communities and organizations.

Other social investments

	2021			2020			2019		
	Own investments	Incentivized resources	Total	Own investments	Incentivized resources	Total	Own investments	Incentivized resources	Total
Baesa	0.21	0.04	0.25	0.21	0.02	0.23	0.16	0.00	0.16
Ceran	0.04	1.08	1.12	0.05	0.57	0.62	0.00	1.57	1.57
Enercan	0.20	2.49	2.69	0.20	1.24	1.44	0.00	3.90	3.90
Foz do Chapecó	0.05	2.75	2.80	0.05	1.79	1.84	0.02	4.04	4.06

Café Filosófico CPFL

In 2021, 23 recordings were made before a live audience and broadcast on the social networks of Instituto CPFL and Café Filosófico. Speakers were therefore able to participate directly from their homes, protecting the health and safety of guests and work teams.

Another 102 shows were broadcast during TV Cultura's regularly scheduled programming. Over 27 million people were reached by these activities.

CPFL Brazil-China Interchange

In 2021, this initiative held the fifth consecutive edition of the Brazil-China festival. All actions took place virtually, due to the Covid-19 pandemic. This initiative reached a total digital audience of 285,000 people.

Carreta Literária



CPFL Jovem Geração has benefitted a total of around **31,000 people** in 33 cities

Health and safety first

Safety is our company's highest value. We are committed to guaranteeing that employees, suppliers and the community interact safely with the electric grid, through actions to identify and mitigate risks in every business and area of operation.

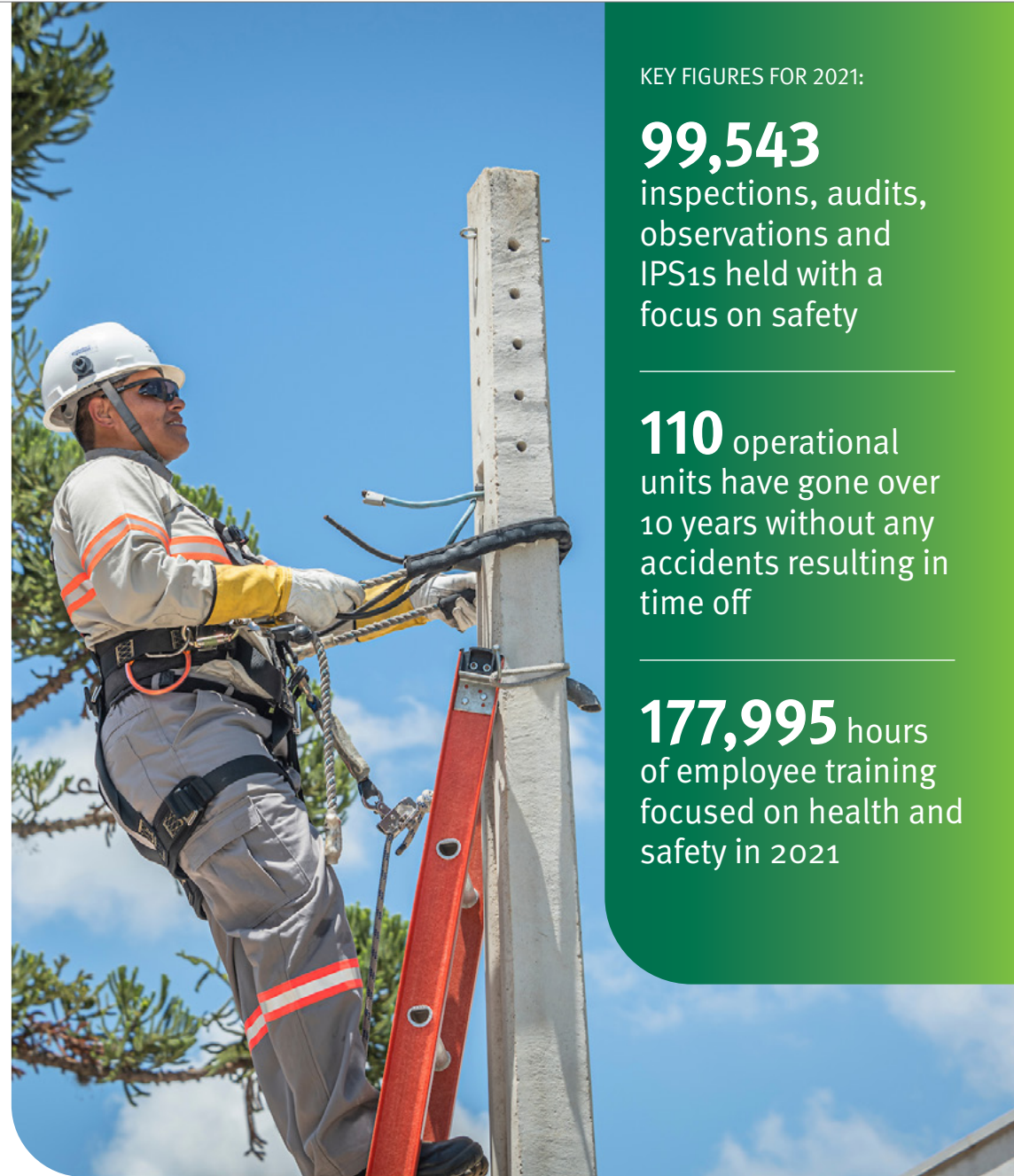
Our Health and Safety Management System (or SGSS, its acronym in Portuguese) covers every activity, asset and employee at the company. The policies, processes and standards covered by the system were developed based on best international standards and practices, particularly ISO 45001. These guidelines are also applicable to third parties and are formalized through service provider contracts executed with suppliers.

The SGSS establishes procedures to be followed in identifying

and assessing safety risks in the various activities that employee and supplier teams execute. A survey of hazards, assessment of impacts, identification of preventive measures and creation of action plans are carried out and registered in a digital system, enabling tracking and monitoring of actions during field activities.

In relation to third parties, we conduct verification audits to assess compliance with management system rules and processes.

In addition to protective procedures and equipment, our management is aimed at driving a culture of safety among all teams. In this sense, we hold different training and awareness-raising actions for teams.



KEY FIGURES FOR 2021:

99,543 inspections, audits, observations and IPS1s held with a focus on safety

110 operational units have gone over 10 years without any accidents resulting in time off

177,995 hours of employee training focused on health and safety in 2021

CPFL Energia employee in field operation



Promotional piece for the Guardian of Life 2021 campaign

■ Sinto Segurança

The Sinto Segurança (I Feel Safe) program is focused on learning safe behavior through experience and lessons learned, determining each person's responsibility in an occupational accident. Awareness is specifically aimed at electricians, life protectors, safety technicians, immediate supervisors and members of the Internal Accident Prevention Commissions (CIPAs, in Portuguese).

■ Safety Integration

Aimed at new employees, this initiative raises worker awareness about the potential risks in their activities, established rules, the correct use of protective equipment, health environments and safe conditions, and the prevention of occupational accidents and diseases, in accordance with current laws and the Health and Safety Policy.

■ Mandatory Training

Specific training on the chief regulatory standards (NR-10, NR-12, NR-18, NR-33, NR-35 etc.) related to activities performed within each specialized area. This involves topics such as safety in electricity, interaction with machinery and equipment, civil construction, confined spaces, work at height, and other subjects.



■ Guardiã da Vida (Guardian of Life)

This program promotes awareness and compliance with safety standards, empowering all employees to be Guardians of Life inside and outside the Company. The initiative is aimed at coordinating efforts and providing guidance for people to observe local conditions and behaviors so that they are able to intervene whenever necessary to ensure physical, mental and emotional integrity of those who are providing a service or even during leisure time. In 2021, more than 23 million people impacted by this initiative in our concession areas, with thematic campaigns that can be accessed on **our website** (only in Portuguese).

Despite investments and training actions, there were two fatal accidents involving employees and seven involving third parties at our operations in 2021. Accident frequency rates were also higher over the last year: there were 47 accidents with lost time and 814 days lost with own employees.

All accidents are reported and investigated to determine their root cause. Conclusions are shared in an effort to support improvements to our internal procedures and avoid the recurrence of similar situations. Evaluations have shown that

the distancing between teams and leaders that was caused by restrictions put in place due to the Covid-19 pandemic is what led to this scenario.

This is why we have intensified efforts and created mini-training centers at our operating bases. Our goal with these structures is to provide even more agility for routines and dialogs on safety, intensifying actions to raise team awareness and strengthening a culture of safety.

Occupational health and safety indicators		2021	2020	2019
For all employees¹				
Deaths resulting from work-related injuries	Number	2	4	0
	Rate	0.06	0.12	0
Injuries related to work with serious outcomes (excluding death)	Number	1	2	2
	Rate	0.03	0.06	0.06
Reportable injuries related to work	Number	49	46	41
	Rate	1.41	1.39	1.26
Number of hours worked ²		34,645,789	33,091,926	32,529,015
For all third parties				
Deaths resulting from work-related injuries	Number	7	2	4
	Rate	0.37	0.11	0.23
Injuries related to work with serious outcomes (excluding death)	Number	3	2	12
	Rate	0.16	0.11	0.69
Reportable injuries related to work	Number	55	51	82
	Rate	2.89	2.82	4.72
Number of hours worked ²		19,016,167	18,082,333	17,390,833

¹Calculation used: rate = number of injuries*1,000,000/number of hours worked. This calculation is in line with standards set forth by regulatory agencies and is used by other energy distributors.

Injuries are considered serious when they result in more than two months of time off or in permanent after-effects.

²Number of hours worked considers third-party employees with sensitive contracts.

Safety committees

Our employees are informed of actions aimed at making our company safer and they are able to actively take part in improving these processes. We have a computerized system that any worker can use to report an incident and access occupational health and safety documents. Another source for consultation is our intranet, the Multi Portal, where campaigns and relevant notices are communicated.

Safety Dialogs, which are held daily (DDS) and weekly (DSS), allow the team to integrate, taking time to reinforce the importance of this topic within our company.

We have two committees that contribute to evolving health and safety practices and management processes.

Operational Safety Committee

members include managers and directors from nine areas, with monthly meetings.

Safety Committee

members include the CEO and Vice Presidents, with meetings every two months.

In addition to these groups, at all units subject to legal requirements we have Internal Accident Prevention Commissions (or CIPAs), on which employees elected by their peers serve.

Public safety

Our culture of safety is also expanded to the public in our concession areas, through the Guardião da Vida Program. This initiative is aimed at sharing educational information to raise public awareness of electrical system risks and the behaviors that should be adopted to avoid accidents.

Messages are communicated through advertising campaigns in media channels and on social media. We also have a website (guardiaodavida.com.br) with more pertinent content and information on avoiding accidents.

Content covers the main causes of accidents involving the public, such as flying kites near electrical lines and accidental shocks caused by the movement of agricultural machinery or civil construction work executed near power lines.

We also interact directly with the public through educational initiatives like talks at schools and construction sites, workshops at farms and blitzes in the municipalities with the highest rates of accidents involving the public.

Promotional piece for
the Guardian of Life
2021 campaign

In 2021, R\$ 2.6 million was invested in actions related to public safety. The rate of non-fatal accidents involving the public fell by 20%, with the rate of fatalities dropping by 28%, reaching the lowest rates in recent years.



Court cases related to accidents involving the public

	2021	2020	2019
Cases filed during the period	101	74	81
Cases closed during the period	58	73	94
Financial impact as a result of cases (R\$ thousands)	2,924.9	5,482.1	3,391.0
Other ongoing cases in the period	437	393	380

Number of accidents involving the public

	2021	2020	2019
Accidents	36	45	49
Fatalities	18	25	19

Covid-19

In 2021, with the Covid-19 pandemic continuing, we kept all of the prevention actions and initiatives we put in place in 2020, so as to protect employee, supplier and customer health. The Crisis Committee, with the participation of the Executive Board and company managers, continued to meet periodically throughout the year to monitor the evolution of scenarios and establish action plans.

We also strengthened protocols to reduce the risks of infection for employees who continued to work in the field and at service offices, ensuring that essential services were provided to serve customers. We maintained cleaning procedures at locations and mandated the use of masks and protective equipment at company facilities.



With the start of vaccination, we adopted measures to encourage and require employee immunization. We monitor changes to the number of vaccinated employees and at the end of the year 69% of employees had received at least two doses of the vaccine

Employees

A home office structure was maintained for 100% of administrative employees, as well as for teams with the Asset Monitoring Center and call center, guaranteeing all health and safety equipment (masks, hand sanitizer and thermometers) for employees in the field.

Actions to support matters of a personal nature were continued, aimed at issues related to psychological care, social service, legal affairs, financial management and phonoaudiology, in the Fale Comigo (Talk to Me) Program.

The health area was fortified with medical care service, advising and employee care, with facilities in Campinas, Sorocaba and Santos (in the state of São Paulo), and in São Leopoldo, Santa Maria, Santa Rosa and Caxias do Sul (in the state of Rio Grande do Sul).

Customers

Advances were made in digital service channels and the availability of new services on platforms like WhatsApp, distributor apps and the Virtual Office.

Large-scale registration of customers in the federal government's Social Energy Tariff program, aimed at obtaining discounts on bills and reducing customer defaults.

Debt settlement solutions through ale\$ta, a financial institution authorized by Brazil's Central Bank to operate through an electronic platform.

Society

Instituto CPFL supported two public calls for bid in the state of Rio Grande do Sul, focused on confronting social problems caused by the pandemic. The first, valued at R\$ 3.75 million, benefitted homeless people in five cities, with housing and donations of personal care and food items. The second tender gave out R\$ 4.5 million to artists and small cultural producers, who went without income when artistic activities were canceled across the state.

Online fundraising in the Juntos contra a Fome (Together against Hunger) campaign went to support families in vulnerable situations and who are experiencing food insecurity, with a R\$ 120-benefit deposited each month on a food card over a four-month period. At the end of the campaign, we raised over R\$ 76,000 and benefitted 160 families.

Supplier management

Our goal is to increase positive impacts in our operations for the entire value chain, which is why we work alongside our suppliers to strengthen their strategic vision and the good practices that orient our Sustainability Plan. We establish different channels and platforms for engagement in the relationship we develop with these companies, focused on managing risks, assessing compliance and performance, encouraging good practices in relation to ESG and fostering an ethical and safe culture.

Considering suppliers for distributors, CPFL Serviços and CPFL Renováveis, there are 10,083 actively-registered companies in our database. Among those that have active contracts, 339 are classified as critical and strategic suppliers, based on their operational risk, risk to image, or exclusivity in supplying under the scopes contracted. Among the materials we acquire are poles, transformers and insulators, for instance. Services acquired include construction and maintenance of distribution systems, substations and wind parks.

Critical and strategic suppliers are monitored on a monthly basis using the SBM (Supply Base Management)

tool, keeping track of technical, legal compliance, document, safety, financial, ethical and sustainability indicators and criteria. The area of sustainability was included in 2021 assessments, an enhancement that reinforces the importance of this topic to the CPFL Group. Through this, we oversee supplier practices in four different dimensions (see in the box to the side).

SUSTAINABILITY DIMENSIONS ASSESSED BY THE SBM:

- **Sustainability and environmental management**
- **Consumption management**
- **Climate change**
- **Shared value and playing a leading role**

*CPFL Energia
employees in field
operation*



Supported by audits and SBM assessments, we did not identify any risk of significant social and environmental impacts among the suppliers assessed

In 2021, sustainability aspects were monitored using the SBM for 85.6% of a total of 195 critical suppliers at distributors, and our goal is to reach 100% by 2024.

Some of our suppliers are moreover audited annually under the auspices of our Integrated Management System (or SGI, its acronym in Portuguese), which covers issues related to the environment, social responsibility, quality, and health and safety. In 2021, 129 partners went through this process and, just as in the year prior, audits took place online, due to the Covid-19 pandemic.

It is important to also mention that attention to social and environmental risks and impacts in our value chain starts before new suppliers are contracted, during the certification phase. This phase was also enhanced in 2021. In addition to the practices already adopted, we began to automatically check public certificates on companies that wanted to partner with us. This included, among other things, checking information on embargoes or notices of violation issued by IBAMA (Brazilian Institute of Environment and Renewable Natural Resources) and to see if there are any cases found in relation to forced labor.

We also made progress on setting up mechanisms that help us to improve our internal processes, which also bring a more streamlined and efficient relationship to companies:



Market trigger

Executed on a monthly basis, this mechanism assesses any lack of inputs used by suppliers in manufacturing key operational materials and monitors fluctuations in the price of acquisitions, aimed at a better procurement strategy and improved execution of the respective contracts.



Strategic relations and analysis of demands and negotiations

Forecasting and planning of procurement needs, through individual and directed meetings with those making requisitions.



Indicator dashboard for current contracts

Implementation of the performance management tool for contracts and suppliers.



Automated supplier reports

Consolidation of the automated supplier reports project, with the goal of raising productivity and minimizing compliance risks.

Value Network

The Value Network is the main platform in our campaign to engage and verticalize our strategy and values with suppliers. It is comprised of three initiatives.

The Supplier Newspaper is a monthly publication sharing key information on the CPFL Group and the supplies area, in addition to featuring articles related to our main values.

We also hold Value Network meetings, where certain relevant topics are discussed in-depth, fostering an exchange of good practices among participants. In 2021, two meetings were held virtually, at which we discussed strategic and sensitive themes related to the business - Brazil's General Data Protection Regulation (or LGPD), Information Security, ESG, the Supplier Code of Conduct and Ethics, and Occupational Safety. Eighty companies took part.

In addition, there is the More Value Award, which was in its 12th edition in 2021. The award is given out annually in recognition of suppliers with outstanding performance and dedication. In 2021, 28 companies were awarded in 15 different categories. One of them was "Outstanding Sustainability," created this same year with the aim of driving qualified management of social, environmental and corporate governance aspects in our value chain.

Third-party management

We carry out monthly oversight of suppliers that intensively use manpower through the Third-Party Document Management Cell (or GTER), which includes monitoring of a series of legal and fiscal aspects:

- Compliance with labor and social security rights
- Health and safety issues

On average, there were 9,655 people covered each month by third-party monitoring, in relation to 246 contracts executed with 89 suppliers. The average number of third-parties monitored each month was up by 7% from 2020.



CPFL Energia employee

Our enablers

Development of the Sustainability Plan is supported by three enablers.

1

Employee
Development
and Inclusion

2

Ethics

3

Transparency

We continually work to strengthen management processes and tools related to these pillars, which strengthen the values of our corporate culture and workers' alignment with our strategic objectives.

*CPFL Energia
employee and son*



Development and Inclusion

Our projects and activities are materialized by employees who work with an orientation toward the values and principles in our corporate culture. With the goal of strengthening this alignment, since 2020, we have relied on Our Way of Being, a model for cultural direction that serves to show the behavior expected of all of our employees, regardless of the position they hold. Our Way of Being is connected to our Mission, Vision and Values and it represents how our company moves.

Continuing our cultural journey, we launched the 10 Rules to Coexist in 2021, aimed at reinforcing the journey toward a single and increasingly globalized Culture.

The actions we take to develop, train and manage our employees' performance are connected to Our Way of Being. These initiatives are integrated to establish a motivational workplace that provides tools for professional growth in line with the company's strategic objectives.

OUR WAY OF BEING



 [Click here to learn more about **Our Way of Being**](#)



Employees at the CPFL Group headquarters in Campinas (SP)

Each year, our employees are encouraged to assess results delivered and how their performance adhered to the four dimensions in Our Way of Being. The Performance Management process is quite robust and has taken place for over 15 years. It includes a continual improvement cycle to adapt to the culture and best practices in the market.

CPFL Energia customer

The model promotes autonomy in leadership and it is conducted with a focus on dialog and on feedback between leaders and teams, with the goal of promoting reflection by professionals of their contribution to the company's performance through their deliveries and conduct, while also encouraging thinking about their strengths and opportunities for development, based on which they can have actions to contribute and develop more and more and to build an individual development plan.

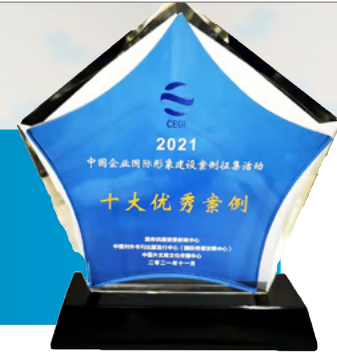
Stages take place over the year involve not only assessments, but also the formation of calibration committees, feedback related to the previous year's performance, the Individual Development Plan (PDI) and definition of goals for the year. Twice a year, leaders and teams hold checkpoints to monitor this planning. Performance results orient leaders in personnel management processes and programs, providing inputs for working, in order to turn around underperformance and leverage overperformance.

CPFL is concerned with promoting the organization's sustainability, in addition to developing new leaders to guarantee the future of business. With this goal, the Learning in the

Field Program was implemented in 2020 as an innovative program geared toward attracting talent with leadership potential to learn in the field, focused on training and development while on the job, over a 20-month period. The program's structure includes the selection process for field trainee positions, starting with specific onboarding, essential technical training for action, a job rotation model in field operation areas, sub-transmission, works and maintenance and operations center, tutoring, presentation of learning reports and assessments. At the end of the program, we expect to have more and more workers who are prepared for the challenge of leading distribution.

+ 15 years
we have applied
Performance
Management
processes





Cultural transformation program

Our company is aligned with the long-term vision of State Grid to become a world-class company in energy and connectivity. This means applying the best practices and being completely focused on customer satisfaction, accelerating innovation and technology across all businesses.

To promote this vision in an integrated way, we started the Corporate Culture Inclusion Program (CCIP). This is a platform that integrates the cultures of CPFL Energia and State Grid, aimed at achieving excellence in performance on various fronts.

Throughout 2021, a total of 169 initiatives designed under the auspices of the CCIP were executed by Task Forces, under the coordination of the Steering Committee. This governance

structure was designed in 2020, with the support of an international consulting firm specialized in corporate culture.

Evolution in business performance is assessed based on Balanced Scorecard (BSC) methodology, with monitoring of indicators related to reaching short- and long-term goals, considering financial and non-financial aspects.

On December 6, the "Chinese Enterprise Global Image Summit 2021" was held in Beijing. It highlighted initiatives by Chinese companies that contribute to building the country's image. CPFL's CCIP was chosen among the ten best cases in the category of "Chinese Enterprise International Image Building."

Recruitment and selection

In the recruitment and selection process, CPFL invests in a positive internal and external candidate experience. To do this, the technical and behavioral competencies established in advance for the role to be fulfilled must be assessed, respecting aspects of equality and justice and with no discrimination in terms of economics, social status, politics, religion, race, sex, color or disability.

CPFL Energia employees



In 2021, the process underwent some improvements, such as the creation and/or revision of all material used in the selection process, in order to standardize and provide the necessary strength/ quality (timeline, understanding of the position, market mapping, report status, interview script and short list).

Actions to enhance processes were carried out with the goal of making selection processes more and more inclusive, particularly:

- Review of the Employer Branding strategy, making diversity one of the pillars for attraction, therefore defining a new position for the company and ensuring more inclusive and attractive communication
- Establishment of partnerships with platforms and consulting firms specialized in hiring people with disabilities
- Training for the entire Recruitment and Selection team on basic concepts of diversity, equality and inclusion, in addition to specific techniques for hiring people with disabilities

Internship program

The mission of the Internship Program is to attract and develop students with the potential to progress in their careers, so that they are able to build their professional future by contributing to innovation and excellence at the CPFL group. This program is based on three pillars: Business (aimed at expanding systemic vision through training on the sector, strategic planning, project and process management and development, innovation, and more); Behavior (training geared toward developing competencies connected to Our Way of Being); and Career (where they are assessed annually and receive leadership feedback, with the ability to discuss and plan career opportunities at CPFL).

Since 2019, we have held a blind selection process, where leadership does not have access to resume details on people referred by the R&S area, and we have conducted all stages 100% online since 2020. Monitoring of indicators related to minority social groups was done as part of the selection process for 2021, in an effort to allow a more relevant portion of this public to participate in the Internship

Program in 2022. As a result of actions developed during the attraction and selection process, we received 11,770 applications, 52% of which were from women and 18% of which were from black people. In the end, recruitments were comprised of 56.6% women and 20.2% black people.

Mentoring

The CPFL Group knows that it is essential to rely on engaged leaders who are increasingly prepared to handle the constant changes in the workplace. That is why the company makes significant investments in accelerated development, including the Mentoring process, with a focus on developing leaders. This program not only creates connections and contributes to professional enhancement, it is also an important management tool that leads to a stronger organizational culture, cultivating and retaining talent, in addition to mutual learning, inspiring professionals to seek to continually develop, among other things.

The Mentoring Program is in its third cycle, with 100 pairs (mentor and mentee) already formed. In 2021, the program was held 100% online, with

the participation of 25 pairs formed. It is monitored by an external consulting firm, with comprehensive technical and practical support. The program included six sessions, with the mentor undergoing development or a refresher course with each session. The current cycle is set to end in March 2022.

100
people are
benefiting from
the third cycle
of the Mentoring
Program



RGE employees

Universidade CPFL

Universidade CPFL is a platform promoting training and development for our employees, through programs, courses and professional learning tracks. Because of the Covid-19 pandemic, over the last two years we have made informational and developmental content more available in the virtual environment, using gamification methodologies, videos and podcasts.

In 2021, around 85,000 training hours took place over video conferencing, with a total of around 15,000 participations.

Focused on developing leaders, Universidade CPFL built the Protagonists of the Future - Potential Leaders at Distributors program. The initiative is focused on preparing employees with the potential to take on possible leadership positions within the company. Over 10 months, participants are trained through seven modules on behavioral competencies, with group mentorship and presentation to a panel that evaluates a real case study on the company.

The catalog of courses also has three training tracks for leaders. Leader Take-Off, Flying High and Expanding Horizons. In 2021, we held 112 groups with 815 leaders, who participated in at least one of these learning programs.

Average training hours			
	2021	2020	2019
By gender			
Men	75.37	43.8	55.2
Women	52.97	44.9	58.9
By job category			
Leadership ¹	46.38	35.1	63.7
Other employees	72.59	44.6	55.4

¹Leadership: includes chief executives, managers, coordinators, supervisors, and leaders.



CPFL Energia employee





Employee in training at Universidade CPFL

Our employees play a leading role in their own development and Universidade CPFL works to make it easier for each professional to explore their potential to the utmost. In this sense, we have bolstered the Explore Your Potential portfolio and the Virtual Library.

We also now offer employees access to content from the UN Global Compact Academy, a Global Compact initiative to promote learning and engagement with topics related to the sustainable development agenda. The platform has courses in an e-learning format, interactive sessions and an online community to exchange knowledge, among other functionalities.

Through Knowledge Management, Universidade CPFL has set up a model for employees to be able to share knowledge critical to the business, mapping concepts and educational materials to grow this intellectual capital.

We also work closely with the LNDDT (the Portuguese acronym for the Development and Training Needs Survey) program to identify challenges and priorities regarding training and qualification needs, carried out with internal educators or external facilitators (consulting firms and events, for instance).

HIGHLIGHTS IN THE PORTFOLIO OF UNIVERSIDADE CPFL

Explore Your Potential

Training portfolio for development of so-called professional soft skills, such as time management, negotiation and communication. It also includes virtual talks and podcasts - CPFL Talks - on topics related to personal development.

Virtual Library

Platform bringing together a vast collection of free books, audio books, scientific articles and other content on technical and general knowledge.

Knowledge Management

A platform allowing experienced employees to put together educational materials and programs to share knowledge critical to the business internally.

Operational Excellence School



Universidade CPFL goes beyond the internal limits of our company, offering training courses and development for communities in the regions where we operate. Courses follow three main lines of learning - Electrician School, Draftsman School and Operations Staff School.

In 2021, 55 Operational Excellence Schools were promoted, with free classes in 24 different cities. A total of 852 people were trained, with 70% of them hired to work at our company.

New electrician hires are integrated into our company through the ambassador program. Over three months, the new hire is monitored and supervised by a more experienced colleague, who is responsible for passing along knowledge, reinforcing good practices and essential skills, and providing technical feedback.

In addition to the training schools, CPFL offers several technical training and specialization courses such as: Live Line, 15 and 25 kV, in addition to mandatory training in NRs 10 and 35.

Approximately
**R\$ 19
million**
was invested
in training
actions aimed
at improving
performance and
adapting to the
new scenario
in the electrical
sector

CPFL Energia employees

CPFL + Diversa



CPFL Energia employees

In 2020, we launched the CPFL + Diversa (More Diverse CPFL) program, which seeks to build an increasingly diverse, inclusive and equitable environment through collaboration by affinity groups and through respect, initiatives, projects and debates. We believe that a plurality of people is what builds a great team, and different viewpoints lead to an environment rife with new possibilities and lessons. We want to reflect what we expect of society within. After all, it is our differences that make us unique and special.

The CPFL + Diversa program organizes all of the actions we carry out to promote equality, inclusion and diversity at our company and in the value chain. We develop the theme of diversity and inclusion in an integrated way, yet while also focused on the demands and needs of five specific social groups:

- Generations
- LGBTQIAP+
- Women
- People with Disabilities
- Black People

Governance of the program take place at three multidisciplinary levels, with different roles and responsibilities, carrying out actions, monitoring the plan and periodically reporting on advances made as well as challenges mapped.

GOVERNANCE OF THE CPFL +DIVERSA PROGRAM WORKS AT THREE LEVELS



Decision

Level comprised of the CEO, Vice Presidents, Strategic HR Director and Chief Executives who function as sponsors for each Affinity Group.



Strategy

Level made up of a team of specialists with technical expertise, defining and executing personnel management, communication, ethics and sustainability processes at the organization, along with leadership of each Affinity Group.



Experience

Level providing support to build and spread diversity and inclusion actions. These Affinity Groups are made up of volunteers with an interest in the theme and/or who have run into barriers throughout their personal and professional lives.

In 2021, with the support of a specialized external consulting firm, we further expanded the design of the strategy and review of governance for the CPFL + Diversa program, focused on ensuring a workplace that increasingly represents the plurality of our society, suited to the segment, in all areas and at all levels of the organization. This strategy is also aimed at guiding the creation of a more and more welcoming culture, where differences are more than respected, they are catalysts of our capacity to generate energy that moves the world, according to the market's best practices. We have therefore built work on five fronts: Awareness and Engagement; Diagnosis; Positioning; Tactical Plan; and Monitoring.

CPFL Energia employees



■ Awareness and Engagement

We hold training for the company's executive team on basic concepts of diversity and inclusion, unconscious bias and inclusive leadership. We also conducted individual mentoring processes with the CEO and the Human Resources Director, expanding leaders' repertoire on this theme.

■ Diagnosis

We conduct the Census and Inclusive Culture Diagnosis to map internal challenges related to representation and cultural barriers different social groups face. This process includes exploratory interviews with executives, as well as an online survey that is open to employees.

■ Positioning

Based on the diagnosis, we deepen our analysis of minority social groups and expand our understanding of the theme of diversity, equality and inclusion in connection with our business. We then establish guiding premises for our action to create a greater positive impact on employees' lives, on inclusion in the workplace, and on our capacity to grow sustainably, generate new business and innovation, gain more operational efficiency and focus more on customers.

■ Tactical Plan

The plan for the next two years was refined using the vision of specialist teams concerning each theme and the contributions of Affinity Group members. It is organized into six work pillars:

- 1.** Institutional Commitment
- 2.** Management and Governance
- 3.** Attraction and Hiring
- 4.** Retention and Development
- 5.** Education and Awareness
- 6.** Internal and External Mobilization

Monitoring

Through monthly meetings with the CPFL + Diversa Committee, indicators are presented for the period along with progress made in relation to goals, ongoing actions and future resolutions.

The CPFL + Diversa Committee is a multidisciplinary group made of a strategic-level team, with members from the Diversity, Talent Management, Universidade CPFL, HR Indicators, Business Partners, Sustainability, Communications and Ethics areas as well as leaders of Affinity Groups.

In periodic reports at the executive level, we also rely on a team formed at the decision level, whose members include the CEO, Vice Presidents and Sponsors from each Affinity Group.

We also have the Diversity Indicator Dashboard, available to company leaders and HR Business Partners to monitor their respective areas.

With this periodic monitoring, actions could be developed to make it feasible

to meet 92% of the targets established in the Sustainability Plan for the theme of Diversity and Inclusion, in addition to learning important lessons for the 2022 cycle.

2021 goals had the following main objectives:

- **Awareness and Engagement of the executive team;**
- **Census and Inclusive Culture Diagnosis;**
- **Positioning of the Tactical Plan for the next two years;**
- **Engagement and equalization of knowledge for our personnel;**
- **Increased representation of people with disabilities and black people on staff;**
- **More representation by women in the operation and in leadership positions.**

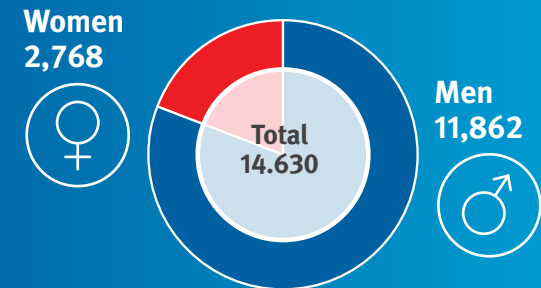
For 2022, in addition to the targets established in the Sustainability Plan, we also made advances in defining goals that will impact variable compensation for company executives.

Women hold **19.8%** of leadership positions at CPFL Energia

The average base salary for women equals **98%** of the base salary for men

Total compensation for women is equal to **82.2%** of the total compensation for men

Black women make up **4.5%** of our staff



28.2% of the staff is black men

492 people with disabilities worked at CPFL Energia in 2021

Data referring to the workforce as of December 31, 2021.

Diversity and Inclusion Initiatives

Different actions were carried out in 2021 based on the tactical plan established for the CPFL + Diversa Program. Notable among them are the creation of a Diversity and Inclusion Standard and two Electricians School courses dedicated to women, one in the distribution area in the state of Rio Grande do Sul and the other in the services area in the state of São Paulo.

These schools and the hiring of their students mean that the number of women in electrician roles rose by 4.8 times compared to the 2020. This initiative was conducted by a multidisciplinary group that established actions to adjust local infrastructure, prepare leaders, ambassadors and training instructors, and hold a specific training module

for the women to discuss gender issues and how to deal with the challenges of new activities, in addition to meetings on oversight and lessons learned. The success of this initiative meant that it was expanded to other regions, with seven more schools being planned in this format for 2022.

We also joined the Movimento Mulher 360 (MM360), a corporate movement for women's economic development. The initiative is conducted by a non-profit organization that supports gender equality and increased participation by women in the corporate environment.

With the Electrician Schools exclusively for women, we increased by 4.8 times the number of female employees in the Electrician role in 2021



CPFL Energia employee

And in an effort to expand our reach to the external public, Instituto CPFL produced four brand new live webcasts of Café Filosófico CPFL, with the module "The Self and the Other: the (hard) art of coexisting in differences," with specialists such as Carlos Medeiros, Maitê Schneider, Isabelle Anchieta and Eduardo Wolf. Subjects such as race and diversity, gender, sexuality and identity were discussed. All of the programs were recorded and shown live on the Institute's social networks and they were later made into seven brand-new television programs that were broadcast on TV Cultura in 2021.

Other opportunities to impact through partnerships with civil society organizations were mapped and executed, including the Energy Efficiency initiative carried out at the "LGBT Reference Center of Campinas" and participation of "Women in Construction" during training at the Electrician School for Women, for example.



Café Filosófico

Other CPFL +Diversa initiatives

- CEO meetings with Affinity Group members
- Definition of targets
- Leader Talks and CPFL Talks covering the topic of Unconscious Bias
- Monthly edition of "Leadership in Practice" to spread concepts, trends, tips and actions at CPFL in relation to Diversity, Equality and Inclusion
- A variety of training courses on diversity, focused on the R&S, Ethics, Compliance and Communication areas
- Roundtables conducted by Affinity Groups in a variety of company areas
- Online Brazilian Sign Language (Libras) course
- Exclusive or priority job openings for specific minority social groups
- Contracting of specialized platforms for recruitment and selection of people with disabilities
- Actions to improve accessibility to technology, infrastructure and communications for inclusion of people with disabilities
- Launch of the "Pregnancy and Infancy" Care Program
- Creation of a dedicated "Contact Us" for the hard of hearing
- Internal working group on paternity and maternity leave
- Sponsorship of ABRH's Female Leadership in Movement - LIFE event

Fighting discrimination and respect for human rights

In 2021, we created and approved our Diversity, Equality and Inclusion Standard. It establishes guidelines for building a more diverse and inclusive workplace for all employees, no matter their gender.

It also sets forth our position regarding respect for human rights: "we guarantee the application of the principles, laws and standards of respect for Human Rights, directly or indirectly related to the theme of diversity and inclusion."

In addition to this position, the topic of human rights is covered in a shared manner between the different areas that express guidelines in specific governance documents, especially the Code of Ethical Conduct, the Code of Ethical Conduct for Suppliers, the Stakeholder Engagement Policy, the Sustainability Policy and the Social Investment Policy. In addition to these documents, there are clauses in contracts established by the company that cover the fight against forced and child labor, which are additional to clauses covered by current labor laws.

There are ten different courses at Universidade CPFL covering topics related to human rights. In 2021, nearly 6,500 training hours were completed (in 2020 there were 4,600 hours), with around 13,000 participations. A total of 5,900 employees underwent this training, which accounts for 41% of our staff.

Last year, we received two anonymous reports of discrimination through our Ethics Channel. Both were investigated and confirmed according to internal procedures. In a continual action, the disciplinary measures recommended by the Corporate Ethical Conduct Committee were applied, following the guidelines of our internal rules, and plans for reparations resulted in training, awareness-raising and communications actions for the areas involved.



CPFL Energia employees

In 2021, we promoted almost 6,500 hours of training on topics related to the fight against corruption and respect for human rights, involving 5,900 employees

Ethics

We apply the principles, guidelines and rules in our Code of Ethical Conduct in all of our businesses and share them with 100% of our employees. This document was revised in 2021 and approved by the Board of Directors. We also follow the Anti-Corruption Policy, guaranteeing compliance and integrity in all of our activities and projects.

Our Integrity Program, created according to Law 12.846/2013 (Anti-Corruption Act) and Article 42 of Decree 8.420/15, which regulates the aforementioned legislation, is responsible for assessing compliance in every area of the company's business. It covers the pillars and mechanisms that support our decisions, actions and

enhancement of internal controls, and anti-corruption practices across all processes.

Corruption risk assessment for 100% of our operations is done under the auspices of the Integrity Program as well. In 2021, there were no cases of corruption connected to the company's areas and business.

Each year, employees are trained and educated on company standards and procedures, ensuring ethical and transparent action in relation to all of our stakeholders. Actions cover the guidelines in the Code of Ethical Conduct and professionals state their commitment to following the guidelines established in the document through digital signature.

Employees trained on anti-corruption policies and practices¹

	2021		2020		2019	
	No. of employees	%	No. of employees	%	No. of employees	%
By job level						
Leaders ²	720	90%	677	90%	683	89%
Other employees	11,055	78%	9,920	85%	9,609	81%
By region						
Southeast	8,237	78%	7,069	80%	7,230	78%
South	3,538	100%	3,541	99%	3,062	84%
Total	11,775	84%	10,597	88%	10,292	85%

¹Also excludes employees on leave and operations staff at CPFL Serviços.

²Leadership: includes chief executives, managers, coordinators, supervisors, and leaders.



Pro-Ethics Company

Our Integrity Program was recognized with the Pro-Ethics seal - 2020/2021 edition, granted by the Ministry of Transparency and the Office of the Federal Controller (or CGU, its acronym in Portuguese). Of the 236 companies that submitted responses to the questionnaire, 67 were selected - including CPFL Energia

Ethics Channel

The Ethics Channel is the tool we use to receive communications regarding attitudes or situations that are not in compliance with the law or our values. The Channel is managed by an external and independent company, according to best market practices.

The treatment flow for communications received is defined by the Integrity Program, assuring the anonymity and confidentiality of those making reports. The Ethics Channel is open 24 hours a day, seven days a week, and can be accessed by employees or by people outside of the company. Any type of retaliation for reports made in good faith is prohibited.

How to access the Channel

 **By phone**
0800 601 8670

 **Website**
www.contatoseguro.com.br/cpflenergia

 **E-mail**
eticacpfl@contatoseguro.com.br

App available from the Apple Store or Google Play



Operations Center

Data Protection Governance Program

A commitment to the security of personal data and information belonging to customers, employees and other stakeholders has always been found in our relationships and business, so much so that even before the LGPD, the Brazilian version of the General Data Protection Regulation, took effect, the CPFL Group already had a specific Department with professionals specialized in Information Security.

With the LGPD taking effect, this responsible action has been fortified, with the establishment of the Data Protection Governance Program,

which is applied whenever the CPFL Energia Group performs treatment of personal data on individuals within its business activities. Its application therefore permeates various areas within the organization.

A commitment to diligent, ethical and responsible treatment of customers' personal data is included within this context, as is the data of other information holders in the many relationships maintained and in the business done by the CPFL Group, of which data-holders are publicly informed through the

Privacy Notice available to access on the institutional website.

To structure and implement the Data Protection Governance Program, the CPFL Group carried out a data inventory; in other words, mapping was done of processes where individuals' personal information is treated in business processes, relying on guidance and support from a renowned consulting firm. After mapping personal data, a report was issued on gaps and action plans were defined for compliance with the LGPD, which we called the LGPD Compliance Project.

With the LGPD taking effect, we structured our Data Protection Governance Program

We believe that the LGPD requires integration of a new culture within the organization, which is why we have worked since the Compliance Project began in 2020 on internal acculturation regarding data privacy and protection. Moreover, a specific Communication Plan is in the works for 2022, to raise our employees' maturity regarding the new legal and regulatory requirements for ethical and responsible data treatment, for the sustainability of the CPFL Energia Group's business.

In 2021, the CPFL Group created a Corporate Department specialized in Data Protection, which answers to the Audit, Risk, Ethics and DPO Division and to which the Data Protection Supervisor is allocated. Its role is basically to guide the organization in terms of the data protection rules applicable to the business, to be a point of communication between the Data Protection Authority and data-holders, and to manage the Data Protection Governance Program.

The Data Protection Department works in conjunction with the Information Security Department (or GSI, its acronym in Portuguese) to provide guidance on data protection requirements related to the security

and confidentiality of the personal data treated by the CPFL Group, so that the GSI can implement the technical and operational measures under its competency, with a view to protecting information for business continuity.

It is worth noting that the Data Protection Governance Program within the CPFL Group is built on seven pillars, whose scope and details are specified in the General Data Protection Standard, available for our employees to access on the internal platform. We have also implemented oversight and control processes and methodologies, monitored by the Data Protection Officer (DPO), who also serves as the Data Protection Manager.

To keep the Program up to date, the CPFL Group also practices continual risk monitoring actions, incorporating execution of internal controls into the area's routine. As shown above, management of the topic in question is aimed at assuring legal compliance, fostering a culture of data protection within the CPFL Group, and ensuring legitimate, responsible and secure data treatment, in an effort to increase trust and transparency with data-holders and the organization's stakeholders.

PILLARS OF THE DATA PROTECTION GOVERNANCE PROGRAM



In 2021, we did not identify any cases where information was leaked that was classified as a risk or relevant damage to the data-holder, nor did we receive any complaints related to violations of privacy or loss of personal customer data via the ombudsman, the external ethics channel, or the Information Security area.

Transparency

Transparency in our relations with all of our stakeholders is also at the foundation of our strategy to build a more sustainable and inclusive business model. Through participation in different volunteer initiatives, we open up paths for open dialog with all stakeholders and to provide accountability for our performance.

“As signatories to the Global Compact, we are active participants in the movement to integrate the ten universal principles and the Sustainable Development Goals into corporate strategy and in investments made across the value chain”

Gustavo Estrella,
CEO of CPFL Energia



Gameleira Wind Complex, in Touros (RN)

Global Compact

Our company has been a signatory to the Global Compact since 2004. This UN initiative promotes integration of ten universal principals on human rights, decent work, environmental conservation and the fight against corruption in corporate strategies, connecting these values to the goals in the 17 Sustainable Development Goals (SDGs) in the 2030 Agenda.

The company's Environmental and Sustainability Director has served as the Chairman of the Board of Directors for the Global Compact Network Brazil since 2020 and the CEO is part of the Liderança com ImPacto (Leadership with

ImPact) initiative as a spokesperson for SDG 3 - Good Health and Well-being.

Within the Global Compact Network Brazil, our company is part of Climate Action and SDG Action initiatives, participating in working groups to develop structural and research projects.

In 2021, we also joined the Ambição Net Zero (Net Zero Ambition) program, aimed at accelerating ambition climate goals and aligned with scientific methodologies to fulfill the commitments of SDG 13 - Climate Action and of the Paris Agreement.

ESG Ratings

Our company has been outstanding in ESG management, according to financial entity and rating agency assessments. In reports issued by the Santander and Credit Suisse banks, our company received excellent evaluations according to the criteria assessed by these institutions based on the public information we make available to our stakeholders.

In 2020 and 2021, our company's shares were chosen for inclusion in the Corporate Sustainability Index, a theoretical portfolio created by the B3, the São Paulo stock exchange. Companies voluntarily register for inclusion in this group, answering a questionnaire and submitting evidence of their policies and management practices.

The process was restructured by the B3 in 2021, with new questionnaires and the use of the Carbon Disclosure Project (CDP) to assess the Climate Change dimension.

In addition to the ISE B3, CPFL Energia was once again included

in the B3 Carbon Efficient Index (ICO2) portfolio for 2022.

Our company was classified with a grade of A for its ESG management according to the ratings put out by MSCI, one of the most influential ratings for foreign investors. We were also among the best classified companies (High) in an assessment by Sustainalytics, one of the world's most renowned ESG management consulting firms.

We were given a score of 81.99 in the ISE ranking, placing us fourth among the 46 companies selected

CDP – Carbon Disclosure Project

The CDP program is a platform for companies to report their ESG management processes to investors in Brazil and abroad, with a focus on accountability to underpin decision-making. Our company takes part in this initiative by responding the Climate Change and Water Security questionnaires. In the most recent edition of the initiative, we achieved a grade of A- in Climate Change and a B in Water Security.



CPFL Geração hydroelectric plant

About the Report

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SDG related



For over 20 years, we have striven for transparency in accountability to society. This premise of our action began with our first sustainability report, in 2001, and has evolved over these two decades, anticipating and leading innovations in the market. We adopted the Global Reporting Initiative (GRI) model at the turn of the century and were pioneers in implementing the Integrated Reporting framework in 2013. More recently, we have enhanced reporting on the goals of the Sustainability Plan within this document and in other market disclosures.

Guided by our material themes, the Annual Report provides our stakeholders with a better understanding of our management practices, achievements, and the challenges we faced in the last year. Information covers the period of January 1 to December 31, 2021, and was submitted to our Executive Board for approval and to external auditors for independent verification.

Just as with the previous edition, released in March 2021, in relation to 2020, this report was prepared in compliance with GRI Standards: Core option. It also considers the guidelines of the Value Reporting Foundation (Integrated Report) and shows our main contributions to the Sustainable Development Goals (SDGs) in the 2030 Agenda.

Over two decades of reporting, we have matured our management and transparency on sustainability information, aligning our Annual Report with best market practices



Avenue with underground network in Campinas (SP)

The process of drafting this publication also serves as leverage to continually improve our relations with our stakeholders, through transparent reporting of actions and measures implemented over the previous year. Using materiality consulting, done every two years, we directly engage our stakeholders with a specific vision of sustainability, in order to identify their expectations and interests. This wide-ranging movement of active listening is supplemented by permanent channels for dialog and interaction, as set forth in the **CPFL Energia Stakeholder Relations Policy**. And finally, comments, suggestions and questions related to the Annual Report, which can be sent

to sustentabilidade@cpfl.com.br, help us to enhance our reporting with each annual cycle.

This year, no significant changes were made to the scope and coverage of the Annual Report. We have kept the material themes identified in 2020, and data covers all CPFL Group businesses, under the same scope as Financial Statements. Any information that is restated is indicated as such.

This year, we are trying to make this Report more accessible to different publics, by using a navigateable PDF, closed-captioned video content and highlights that are included in a new responsive institutional website.

Materiality Matrix

Developed every two years, our materiality matrix brings together the most influential themes in our stakeholders' decision-making and those that account for the most impacts in association with our business model. The last update cycle took place in 2020, involving direct engagement through an online survey and analysis of documents and secondary sources, such as studies and assessments proposed by some stakeholder groups.

We received a total of 784 responses to the online questionnaire, we consulted 40 entities and institutions, and we analyzed 20 internal and external documents. We also considered industry benchmarks, corporate strategy guidelines, and the Sustainability Plan in analyses. As a result, we identified 16 material themes, grouped into three dimensions: environmental, social and governance, and business.

 [Click here](#) to find out more about the materiality process, on page 108 of the 2020 Annual Report

OUR MATERIAL THEMES



ENVIRONMENTAL

- Energy efficiency and efficient use of resources
- Climate change
- Biodiversity management and mitigation of environmental impacts
- Circular economy and eco-efficiency



SOCIAL

- Community relations and development
- Personnel management and development
- Health, safety and quality of life
- Diversity and inclusion
- Human rights



GOVERNANCE AND BUSINESS

- Operational excellence and financial performance
- Customer relations and satisfaction
- Corporate governance
- Innovation and new technologies
- Ethical conduct and transparency
- De-carbonization and promotion of renewable energies
- Sustainable supplier management

Continual engagement

In our day-to-day business, our teams interact with stakeholders through permanent channels, surveys, participation in forums and committees, and everyday mechanisms like e-mail, social media and phone calls. These activities follow the premises of our Engagement Standard and prioritize respect and a genuine desire to create value in relationships, providing solutions for negative impacts and collaborating on opportunities for development.

Our Stakeholder Map defines eight groups of stakeholders, who are

prioritized based on three criteria: level of company impact to which they are subject, degree of influence they exert on the business, and the scope or frequency of interactions with the various areas at CPFL Energia.

In 2021, the main concerns raised in these engagements were related to water shortages, safety and maintenance aspects at hydroelectric plants, and impacts on traffic on roadways near generation ventures.



CPFL Energia's customers

MAIN STAKEHOLDER GROUPS ENGAGED



Annexes to GRI disclosures

GRI EU3

Number of customers in the distribution segment			
	2021	2020	2019
Residential	9,148,715	8,926,689	8,721,256
Industrial	52,735	55,865	57,116
Commercial	515,427	520,139	529,815
Rural	359,804	362,325	363,500
Government	63,891	63,350	61,868
Public lighting	10,181	12,300	11,809
Public Service	11,108	10,786	10,512
Own consumption	952	951	943
Concessionaires	203	186	192
Total	10,163,016	9,952,591	9,757,011

Energy delivered by distributors (TWh)			
	2021	2020	2019
CPFL Group	68,708	65,926	68,055

GRI EU4

Length of above-ground and underground transmission and distribution lines by regulatory regime									
		2021					2020	2019	
		CPFL Paulista	CPFL Piratininga	CPFL Santa Cruz	RGE	CPFL Renováveis	Total	Total	Total
Length of transmission lines (km)	Less than 69 kV	502	0	761	233	16	1,512	1,496	1,469
	69 kV and higher	5,891	727	525	4,465	988	12,595	11,492	11,387
Length of distribution network by type (km)	Urban	69,302	17,571	7,144	40,746	na	134,763	133,377	131,793
	Rural	61,531	8,911	16,308	113,099	na	199,849	198,102	196,342
	Underground	707	588	39	107	na	1,441	1,306	1,235

GRI EU6

Maintenance of distribution assets

All preventive, predictive and corrective maintenance activities on distribution assets follow the Five-Year Maintenance Plan, which is updated annually. These actions include adopting work that is done in synergy among strategic areas, internal procedures and key indicators, considering management practices for the asset lifecycle and reduction in operating costs resulting from outages.

Expansion planning

Each year, the distributors revise their Electrical System Expansion Planning for a 10-year horizon. This plan establishes structural undertakings that will ensure support for market growth and the reliability of electrical systems.

The stages in the planning process involve market forecasting by substation or power transformer and electrical system modeling, identifying any need for reinforcements or expansions, which are covered by proposals for works, as mapped in the Plans for Works on Substations and High Voltage Distribution Lines, in addition to consolidation of proposals for works, aimed at ensuring that market growth and system reliability are met.

GRI EU21

Through the Environmental Management System, we identify significant aspects and impacts of generation, transmission and distribution operations, developing actions to mitigate risks, such as execution of simulated environmental emergencies and employee training.

We hold an annual Major Incident Simulation, with the company participating in caring for emergency situations and, if necessary and depending on the scenario simulated, other external agents are involved, such as the fire department, environmental agencies, highway patrol and others.

GRI 102-8 | 102-41

99.8% of employees are covered by collective bargaining agreements or accords with unions. Only 34 executives are not covered, as they are governed by the employment contracts, with labor relations rules established in a private contract instrument for corporate administration.

Company staff*						
	2021		2020		2019	
	Men	Women	Men	Women	Men	Women
By contract type						
Permanent	11,840	2,766	11,071	2,510	10,795	2,462
Temporary	22	2	23	3	37	5
TOTAL	11,862	2,768	11,094	2,513	10,832	2,467
By employment type						
Full-time	11,845	2,740	11,077	2,482	10,812	2,427
Part-time	17	28	17	31	20	40
By region						
Northeast	16	1	151		137	
Center-West	10	1	10		7	
Southeast	8,545	2,301	9,751		9,462	
South	3,291	465	3,695		3,693	

*Data referring to the workforce as of December 31, 2021.

GRI 102-12

Our company is a signatory to the following commitments to promote sustainable development:

- Signature of a letter supporting the Task Force on Climate-related Financial Disclosures (TCFD)
- UN Global Compact Principles
- São Paulo Environmental Agreement (initiative to reduce greenhouse gas emissions and incentives for sustainability actions) - São Paulo state government and CETESB (São Paulo State Environmental Company)
- Labor Courts Program to Combat Child Labor
- Global Compact Brazil Network (Member of the Global Compact Brazil Network Advisory Board and the Climate Action Working Group; Net Zero Ambition; and SDG Ambition)
- Center for Sustainability Studies at Fundação Getúlio Vargas - FGVces;
- Brazil GHG Protocol Program; Public emissions record;
- Iniciativas Empresariais em Clima (Corporate Climate Initiatives) – IECs.

GRI 102-13

In order to contribute to strengthening the electrical sector and the capacity to generate value at the institutional level and in the context of sustainability, we participate in a variety of associations, including:

- Brazilian Association of Electrical Energy Distributors (Associação Brasileira de Distribuidores de Energia Elétrica - Abradee)
- Brazilian Infrastructure and Heavy Industry Association (Associação Brasileira da Infraestrutura e Indústria de Base - Abdib)
- Brazilian Energy Traders Association (Associação Brasileira dos Comercializadores de Energia - Abraceel)

- Brazilian Association of Energy Generators (Associação Brasileira dos Comercializadores de Energia - Abrage)
- Instituto Acende Brasil
- Brazilian Association of Independent Electric Energy Producers (Associação Brasileira dos Produtores Independentes de Energia Elétrica - Apine)
- Brazilian Wind Energy Association (Associação Brasileira de Energia Eólica - ABEEólica)
- United Nations Global Compact Network Brazil
- Center for Sustainability Studies at Fundação Getúlio Vargas - FGVces
- Brazilian Association of Thermoelectric Generators (Associação Brasileira de Geradoras Termelétricas - ABRAGET)
- Brazilian Association of Clean Energy Generation (Associação Brasileira de Geração de Energia Limpa - ABRAGEL)
- Tocantins River Agents Working Group
- Brazilian Association of Publicly-Traded Companies (Associação Brasileira das Companhias Abertas – ABRASCA)
- Movimento Mulher 360 - MM360

CPFL participated in different public spaces to discuss the most important themes in modernization of the electrical sector, such as opening the market, regulation of distributed generation, investments in energy efficiency, and improved possibilities for investing in infrastructure. The company additionally took part in discussion on mitigating the effects of water shortages and the Covid-19 pandemic. One important example was the CITEENEL (Congress on Technological Innovation and Energy Efficiency in the Electrical Sector), promoted by ANEEL. This event was held in December 2021 in

a hybrid format, with the theme of "Innovation and Energy Efficiency in the Electrical Industry of the Future: Digitalization, De-centralization and De-carbonization," with luminaries in the sector contributing to a high-level debate.

GRI 102-27

Creation of the Strategic Plan, with a five-year horizon, is done annually, based on analysis of scenarios and with the support of market professionals and strategic reflection on topics that are fundamental to planning the future of business. The process of building scenarios includes talks with external guest speakers who help us with technical information on business, especially in relation to regulations, trends, investor analyses, macroeconomics, consumer experience, and other topics that can impact our action and our performance.

Six scenarios were held in 2021:

- a) Market Trends (hydrological risk, electrical sector modernization, regulatory changes);
- b) Macro-Economic Analyses (increased consumer goods, consequences related to the election year, exchange rates);
- c) Competitive Scenario (market opportunities and risks);
- d) ESG (goals related to sustainability, new consumer demands);
- e) Climate impacts on business (consequences of a lack of considerations in models and of the permanence of hydrological risk);
- f) Digitalization and the consumer experience (culture of data analysis, sustainability and reputation, decision-making with the long-term in mind, prioritizing consumer interests).

GRI 102-23

The Chairman of the Board of Directors does not hold an executive role in the company, as set forth by the provisions prohibiting this in the company Bylaws.

GRI 102-25

On December 16, 2021, the Board of Directors approved the Policy on Transactions with Related Parties, a document establishing rules and procedures for employees, administrators and shareholders to follow regarding transactions with related parties, as well as in other situations that characterize a conflict of interest. This theme is also covered by the Board of Directors' Internal Rules.

Elected Board Members must state, through a specific instrument, that they comply with the requirements set forth in the Corporations Act, which includes that they have no interests that conflict with the company.

We also have a Related Parties Committee, on which three members serve, two of whom are independent. It is responsible for assessing (i) procedures for selecting suppliers and service providers for acquiring works, supplies and services; (ii) the process for finalizing procurement and/or energy sale contracts; and (iii) examining other transactions.

Transactions with related parties are communicated to the market pursuant to Brazilian Securities and Exchange Commission (or CVM, its acronym in

Portuguese) Instruction 480, and the existence of a controlling shareholder is reported in the investor communications channel, through disclosure of the shareholder and corporate structure of the CPFL Group (<http://www.cpfl.com.br/ri/>).

GRI 102-35 | 102-36

The global compensation of the CPFL Group is set by the General Shareholders' Meeting, according to a proposal based on market research that is assessed in advance by the Human Resources Management Committee advising the Board of Directors. Salary surveys for staff use market references to adopt best practices, through an internal process done by the People and Performance Management Division.

Compensation management is done by the People and Performance Management Division, according to the Compensation Policy approved on December 16, 2021, and it is based on market studies that are carried out annually by specialized external consultants, as well as on occasional benchmarking done in the energy segment.

Effective members of the Board of Directors and the Fiscal Council receive fixed monthly compensation (fees) that are not connected to their participation in these bodies' meetings. Alternate members, when elected, do not receive fees, unless they replace the full member to which they are connected. Fees are periodically revised through a market survey, done by a specialized company, and

any adjustments are determined by the Board of Directors, with the support of the Human Resources Management Committee, which are later submitted to the Company's General Shareholders' Meeting for deliberation. As of October 2021, an Audit Committee was established, as part of the requirements by the B3 Novo Mercado regulations as of April 2022, the members of which are compensated per meeting.

With the exception of Audit Committee members, no members of the Board of Directors receive any additional compensation for their duties as a member of Advisory Committees and/or Commissions to the Board of Directors. In addition, no variable compensation is paid to members of the Board of Directors, Fiscal Council and Audit Committee. They may also renounce their fixed compensation by providing a notice to the Board of Directors.

Executive Board members receive not only fixed monthly compensation, but also benefits and variable compensation. Statutory directors also receive Short-Term Incentives, according to corporate and individual targets, as established according to the company's Strategic Plan, as defined and approved in advance by the Board of Directors, and Long-Term Incentives. Oversight and assessment of the Executive Board's performance in relation to meeting its annual targets is submitted to the Board of Directors, with advising by the Human Resources Management Committee.

GRI 401-1

Hired employees						
	2021		2020		2019	
	Number	Turnover rate	Number	Turnover rate	Number	Turnover rate
By age group						
Under 30	1,571	0.10	1,037	0.08	1,206	0.09
30 to 50	1,606	0.11	1,113	0.08	1,053	0.08
Over 50	79	0.00	74	0.01	41	0.00
Total	3,256	0.21	2,224	0.16	2,300	0.17
By gender						
Men	2,292	0.16	1,657	0.12	1,769	0.13
Women	964	0.06	567	0.04	531	0.04
By region						
Northeast Region	2	0.00	2	0.00	56	0.00
Central-West Region	6	0.00	1	0.00	4	0.00
Southeast Region	2,819	0.19	1,988	0.15	1,927	0.14
South Region	429	0.03	233	0.02	313	0.02

GRI 401-2

At our company, there is no difference in the benefits offered to employees on fixed and indefinite term contracts. The benefits policy is based on good market practices, including the provision of health and dental care, private pension, programs incentivizing physical activity, psycho-social care and educational stipends, among others.

GRI 102-38

The proportion between the total annual compensation of the highest paid individual and the total annual compensation of all employees (excluding the highest paid individual) is 0.53%. This calculation considers the total cost of employees as being comprised of fixed compensation, short- and long-term variable compensation and all taxes.

Terminations and turnover

	2021		2020		2019	
	Number	Turnover rate	Number	Turnover rate	Number	Turnover rate
By age group						
Under 30	771	0.05	733	0.05	845	0.06
30 to 50	1,191	0.08	950	0.07	1,261	0.09
Over 50	259	0.01	233	0.02	328	0.02
Total	2,221	0.15	1,916	0.14	2,434	0.18
By gender						
Men	1,517	0.10	1,390	0.10	1,704	0.13
Women	704	0.04	526	0.04	730	0.05
By region						
Northeast Region	3	0.00	1	0.00	13	0.00
Central-West Region	4	0.00	1	0.00	0	0.00
Southeast Region	1,848	0.12	1,668	0.12	1,986	0.15
South Region	366	0.02	246	0.02	435	0.03

GRI 403-3 | 403-6

To contribute to improving employees' quality of life, we have developed preventive measures aimed at mitigating or eliminating health problems that lead to illness, missed work, and accidents. Workers are periodically evaluated by the Occupational Health team, through routine medical exams. We promote a workplace with appropriate ergonomic and health conditions.

We provide employees with optional health insurance and hold annual campaigns related to topics of health, life quality and prevention of illnesses.

GRI 405-1

All 11 members currently serving on the Board of Directors are men.

Members of governance bodies, broken down by age group (%)		
	2021	2020
Under 30	0%	0%
30 to 50	27%	20%
Over 50	73%	80%

Representatives of minority and/or vulnerable groups among employees, by job category				
	Black		People with disabilities	
Leadership/ coordination	9	0.89%	3	0.60%
Technical/ supervision	6	0.59%	2	0.40%
Administrative	188	18.72%	392	79.67%
Operations	801	79.78%	95	19.30%
Total	1,004	7.2%	492	3.5%

Employees, by job category and by gender					
	Men		Women		Total
Directors	58	95.0%	3	5%	61
Management	156	83.5%	31	16.5%	187
Leadership/ coordination	323	76.5%	100	23.5%	423
Technical/ supervision	101	24.6%	31	75.4%	132
Administrative	2,259	46.3%	1,565	53.7%	3,824
Operations	8,958	89.6%	1,035	10.4%	9,993
Trainees	7	70.0%	3	30.0%	10
TOTAL	11,862	81%	2,768	19%	14,630

Employees, by job category and by age group						
	35 and under	36 to 40	41 to 45	46 to 50	51 to 55	56 and over
Directors	2	8	13	8	4	5
Management	42	43	52	45	27	9
Leadership/ coordination	136	93	106	65	13	9
Technical/ supervision	47	33	27	12	8	3
Administrative	1,444	433	332	193	120	82
Operations	5,801	2,089	1,426	797	492	259
Trainees	10	0	0	0	0	0
Total	7,482	2,699	1,956	1,120	664	367

GRI 307-1

There were no significant payments of fines and no non-monetary sanctions imposed on the company in 2021 as a result of any failure to comply with environmental laws, regulations or voluntary commitments. According to the criteria adopted, fines are considered significant when they are over 1% of the maximum amount established by Art. 61 of Federal Decree no. 6.514/2008; in other words, fines of over R\$ 500,000.00.

GRI 413-1 | 413-2

Local communities are engaged by all of our company's businesses.

In the generation and transmission segments, initiatives aimed at dialog, assessment of impacts and promotion of local development are oriented by the conditions of environmental licenses and by specific demands made by local agents. The main social impacts within these businesses occur in the new project construction and implementation phase. Nevertheless, attention to communities in the operations phase is fundamental to enhance relations with the various local stakeholders and to guarantee good coexistence with the community involved.

CPFL Renováveis, which finalized the Gameleira Wind Complex and is in the construction phase on the Cherobim

SHPP, has a methodology entitled the Social License for Operation (or LSO, its acronym in Portuguese) that is used to evaluate acceptance of ventures by local communities. This evaluation is done periodically and is subject to constant enhancements that are consistently aimed at improving the tool and the methodology's efficiency. It is worth noting that no venture was found to have a conflict/hostility status with the public affected during the most recent update.

GRI 418-1

In 2021, the CPFL group did not receive any complaints related to violations of privacy or loss of personal customer data via the ombudsman, the external ethics channel, or the Information Security area.

GRI 419-1

In 2021, there were no penalties applied by ANEEL for non-compliance with laws and regulations in the social and economic areas. However, CPFL Energia Group's distributors received pecuniary fines of a technical-commercial nature, from ANEEL, in 2021 or in previous years, paid in 2021, which totaled the final amount of R\$ 9,162,290.34 (monetarily corrected until the date of each payment).

GRI content index

GRI Standard	Disclosure	Page	Omissions	Global Compact	SDG
GRI 101 Foundation 2016					
General disclosures					
Organizational profile					
	102-1 Name of the organization	10	-	-	-
	102-2 Activities, brands, products, and services	10, 12, 13, 14, 15, 17 and 18	-	-	-
	102-3 Location of headquarters	10	-	-	-
	102-4 Location of operations	11	-	-	-
	102-5 Ownership and legal form	31 and 32	-	-	-
	102-6 Markets served	10, 12, 13, 14, 15 and 17	-	-	-
	102-7 Scale of the organization	10, 11 and 24	-	-	-
	102-8 Information on employees and other workers	105	-	6	8 and 10
	102-9 Supply chain	77 and 78	-	-	17
	102-10 Significant changes to the organization and its supply chain	12, 13 and 14	-	-	-
	102-11 Precautionary Principle or approach	50	-	-	-
	102-12 External initiatives	80, 98 and 106	-	-	-
	102-13 Membership of associations	106	-	-	-
	Strategy				
	102-14 Statement from senior decision-maker	4, 5, 6, 7 and 8	-	-	-
	102-15 Key impacts, risks, and opportunities	4, 5, 6, 20, 21, 22, 23, 30, 36 and 39	-	-	-
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of behavior	10, 95 and 96	-	1 and 10	16
	102-17 Mechanisms for advice and concerns about ethics	95	-	1 and 10	16

GRI 102 | General disclosures 2016

GRI Standard	Disclosure	Page	Omissions	Global Compact	SDG
GRI 102 General disclosures 2016	Governance				
	102-18 Governance structure	31, 34, 35 and 37	-	-	-
	102-20 Executive-level responsibility for economic, environmental, and social topics	37	-	-	-
	102-21 Consulting stakeholders on economic, environmental, and social topics	102	-	-	16
	102-22 Composition of the highest governance body and its committees	34	-	-	5 and 16
	102-23 Chair of the highest governance body	107	-	-	16
	102-24 Nominating and selecting the highest governance body	34	-	-	5 and 16
	102-25 Conflicts of interest	107	-	-	16
	102-26 Role of highest governance body in setting purpose, values, and strategy	37	-	-	-
	102-27 Collective knowledge of highest governance body	106	-	-	-
	102-30 Effectiveness of risk management processes	36	-	-	-
	102-35 Remuneration policies	107	-	-	-
	102-36 Process for determining remuneration	107	-	-	-
	102-38 Annual total compensation ratio	108	-	-	-
	Stakeholder engagement				
	102-40 <i>List of stakeholder groups</i>	102 and 103	-	-	3
	102-41 Collective bargaining agreements	105	-	3	8
	102-42 <i>Identifying and selecting stakeholders</i>	103	-	-	-
102-43 <i>Approach to stakeholder engagement</i>	102 and 103	-	-	-	
102-44 Key topics and concerns raised	102 and 103	-	-	-	

GRI Standard	Disclosure	Page	Omissions	Global Compact	SDG
	Reporting practice				
GRI 102 General disclosures 2016	102-45 Entities included in the consolidated financial statements	101	-	-	-
	102-46 Defining report content and topic Boundaries	102	-	-	-
	102-47 List of material topics	102	-	-	-
	102-48 Restatements of information	101	-	-	-
	102-49 Changes in reporting	101	-	-	-
	102-50 Reporting period	101	-	-	-
	102-51 Date of most recent report	101	-	-	-
	102-52 Reporting cycle	101	-	-	-
	102-53 Contact point for questions regarding the report	101	-	-	-
	102-54 Claims of reporting in accordance with the GRI Standards	101	-	-	-
	102-55 GRI content index	111, 112, 113, 114 and 115	-	-	-
102-56 External assurance	101 and 119	-	-	-	
GRI Electric utilities sector supplement 2013	EU1 Installed capacity, broken down by primary energy source and by regulatory regime	12	-	-	7
	EU2 Net energy output broken down by primary energy source and by regulatory regime	12	-	-	7
	EU3 Number of residential, industrial, institutional and commercial customer accounts	17 and 104	-	-	-
	EU4 Length of above and underground transmission and distribution lines by regulatory regime	13, 14 and 104	-	-	7
	EU5 Allocation of CO ₂ e emissions allowances or equivalent, broken down by carbon trading framework	47 and 49	-	-	13

GRI Standard	Disclosure	Page	Omissions	Global Compact	SDG
Material topic Energy efficiency and efficient use of resources					
GRI 103 Management approach 2016¹	103-1 Explanation of the material topic and its Boundary	47, 48, 49, 58 and 59	-	-	-
	103-2 The management approach and its components	39, 40, 41, 42, 43, 47, 48, 49, 58 and 59	-	-	-
	103-3 Evaluation of the management approach	28, 47, 48, 49, 58 and 59	-	-	-
GRI 302 Energy 2016	302-1 Energy consumption within the organization	49	-	7 and 8	7, 8, 12 and 13
GRI 303 Water and effluents 2018	303-1 Interactions with water as a shared resource	58	-	8	6 and 12
	303-2 Management of water discharge-related impacts	58	-	8	6
	303-3 Water withdrawal	58	-	7 and 8	6
Material topics Climate change and De-carbonization and promotion of renewable energies					
GRI 103 Management approach 2016²	103-1 Explanation of the material topic and its Boundary	47, 48, 49, and 66	-	-	-
	103-2 The management approach and its components	39, 40, 41, 42, 43, 47, 48, 49, and 66	-	-	-
	103-3 Evaluation of the management approach	28, 47, 48, 49, and 66	-	-	-
GRI 201 Economic performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	47 and 48	-	7	13
GRI 305 Emissions 2016	305-1 Direct (Scope 1) GHG emissions	49	-	7, 8 and 9	12 and 13
	305-2 Energy indirect (Scope 2) GHG emissions	49	-	7, 8 and 9	12 and 13
	305-3 Other indirect (Scope 3) GHG emissions	49	-	7, 8 and 9	12 and 13
	305-4 GHG emissions intensity	49 and 58	-	7, 8 and 9	12 and 13
Material topic Biodiversity management and mitigation of environmental impacts					
GRI 103 Management approach 2016³	103-1 Explanation of the material topic and its Boundary	50, 52, 53, 54, 55, 56 and 57	-	-	-
	103-2 The management approach and its components	39, 40, 41, 42, 43, 50, 52, 53, 54, 55, 56 and 57	-	-	-
	103-3 Evaluation of the management approach	28, 50, 52, 53, 54, 55, 56 and 57	-	-	-
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	53	-	7, 8 and 9	6, 14 and 15
	304-2 Significant impacts of activities, products, and services on biodiversity	52 and 53	-	7, 8 and 9	6, 14 and 15
GRI 307 Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	110	-	8	16

¹The management approach covers all GRI topics related to the material topic "Energy efficiency and efficient use of resources".

²The management approach covers all GRI topics related to the material topics "Climate change" and "De-carbonization and promotion of renewable energies".

³The management approach covers all GRI topics related to the material topic "Biodiversity management and mitigation of environmental impacts".

GRI Standard	Disclosure	Page	Omissions	Global Compact	SDG
Material topic Circular economy and eco-efficiency					
GRI 103 Management approach 2016	103-1 Explanation of the material topic and its Boundary	51	-	-	-
	103-2 The management approach and its components	39, 40, 41, 42, 43 and 51	-	-	-
	103-3 Evaluation of the management approach	28 and 51	-	-	-
GRI 306 Waste 2020	306-1 Waste generation and significant waste-related impacts	51	-	8	3, 6, 11 and 12
	306-2 Management of significant waste-related impacts	51	-	8	3, 6, 11 and 12
	306-4 Waste diverted from disposal	51	-	8	3, 11 and 12
	306-5 Waste directed to disposal	51	-	8	3, 11 and 12
Material topic Community relations and development					
GRI 103 Management approach 2016⁴	103-1 Explanation of the material topic and its Boundary	67, 68, 69, 70, 71 and 88	-	-	-
	103-2 The management approach and its components	39, 40, 41, 42, 43, 67, 68, 69, 70, 71 and 88	-	-	-
	103-3 Evaluation of the management approach	28, 67, 68, 69, 70, 71 and 88	-	-	-
GRI 413 Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	70, 71 and 110	-	1	1, 2 and 10
	413-2 Operations with significant actual and potential negative impacts on local communities	110	-	1	1, 2 and 10
GRI Electric utilities sector supplement 2013	EU14 Programs and processes to ensure the availability of a skilled workforce	88	-	-	4 and 8
Material topic Personnel management and development					
GRI 103 Management approach 2016⁵	103-1 Explanation of the material topic and its Boundary	81, 82, 83, 84, 85, 86 and 87	-	-	-
	103-2 The management approach and its components	39, 40, 41, 42, 43, 81, 82, 83, 84, 85, 86 and 87	-	-	-
	103-3 Evaluation of the management approach	28, 81, 82, 83, 84, 85, 86 and 87	-	-	-
GRI 401 Employment 2016	401-1 New employee hires and employee turnover	108	-	6	5, 8 and 10
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	108	-	-	3, 5 and 8
GRI 404 Training and education 2016	404-1 Average hours of training per year per employee	86	-	6	4, 5, 8 and 10

⁴The management approach covers all GRI topics and sector disclosures related to the material topic "Community relations and development".

⁵The management approach covers all GRI topics related to the material topic "Personnel management and development".

GRI Standard	Disclosure	Page	Omissions	Global Compact	SDG
Material topic Health, safety and quality of life					
GRI 103 Management approach 2016⁶	103-1 Explanation of the material topic and its Boundary	46, 72, 73, 74, 75 and 76	-	-	-
	103-2 The management approach and its components	39, 40, 41, 42, 43, 46, 72, 73, 74, 75 and 76	-	-	-
	103-3 Evaluation of the management approach	28, 46, 72, 73, 74, 75 and 76	-	-	-
GRI 403 Occupational health and safety 2018	403-1 Occupational health and safety management system	72	-	-	8
	403-2 Hazard identification, risk assessment, and incident investigation	72 and 73	-	-	8
	403-3 Occupational health services	108	-	-	8
	403-4 Worker participation, consultation, and communication on occupational health and safety	72, 73 and 74	-	-	8 and 16
	403-5 Worker training on occupational health and safety	72 and 73	-	-	8
	403-6 Promotion of worker health	108	-	-	3
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	77 and 78	-	-	8
	403-8 Workers covered by an occupational health and safety management system	72	-	-	8
	403-9 Work-related injuries	74	-	-	3, 8 and 16
GRI Electric utilities sector supplement 2013	EU21 Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans	46 and 105	-	-	1 and 11
	EU25 Number of injuries and fatalities to the public involving company assets including legal judgments, settlements and pending legal cases of diseases	75	-	-	-
Material topic Diversity and inclusion					
GRI 103 Management approach 2016⁷	103-1 Explanation of the material topic and its Boundary	89, 90, 91, 92, 93 and 94	-	-	-
	103-2 The management approach and its components	39, 40, 41, 42, 43, 89, 90, 91, 92, 93 and 94	-	-	-
	103-3 Evaluation of the management approach	28, 89, 90, 91, 92, 93 and 94	-	-	-
GRI 405 Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	89, 90 and 109	-	6	5 and 8
GRI 406 Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	94	-	6	5 and 8

⁶The management approach covers all GRI topics and sector disclosures related to the material topic "Health, safety and quality of life".

⁷The management approach covers all GRI topics related to the material topic "Diversity and inclusion".

GRI Standard	Disclosure	Page	Omissions	Global Compact	SDG
Material topic Human rights					
GRI 103 Management approach 2016	103-1 Explanation of the material topic and its Boundary	94	-	-	-
	103-2 The management approach and its components	39, 40, 41, 42, 43 and 94	-	-	-
	103-3 Evaluation of the management approach	28 and 94	-	-	-
Material topic Operational excellence and financial performance					
GRI 103 Management approach 2016⁸	103-1 Explanation of the material topic and its Boundary	20, 21, 22, 23, 24, 25, 26, 27, 60 and 61	-	-	-
	103-2 The management approach and its components	20, 21, 22, 23, 24, 25, 26, 27, 39, 40, 41, 42, 43, 60 and 61	-	-	-
	103-3 Evaluation of the management approach	20, 21, 22, 23, 24, 25, 26, 27, 28, 60 and 61	-	-	-
GRI 201 Economic performance 2016	201-1 Direct economic value generated and distributed	25 and 27	-	-	8 and 9
GRI 419 Socioeconomic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	110	-	-	16
GRI Electric utilities sector supplement 2013	EU6 Management approach to ensure short and long-term electricity availability and reliability	44, 45, 60, 61 and 105	-	-	7, 9 and 11
	EU12 Transmission and distribution losses as a percentage of total energy	24	-	-	7 and 13
	EU28 Power outage frequency	15	-	-	7 and 9
	EU29 Average power outage duration	15	-	-	7 and 9
Material topic Customer relations and satisfaction					
GRI 103 Management approach 2016⁹	103-1 Explanation of the material topic and its Boundary	64, 65, 68 and 69	-	-	-
	103-2 The management approach and its components	39, 40, 41, 42, 43, 64, 65, 68 and 69	-	-	-
	103-3 Evaluation of the management approach	28, 64, 65, 68 and 69	-	-	-
GRI 418 Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	96 and 110	-	-	16
GRI Electric utilities sector supplement 2013	EU23 Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services	68	-	-	1 and 7
	EU24 Practices to address language, cultural, low literacy and disability related barriers to access and safely use electricity and customer support services	64 and 75	-	-	1 and 7

⁸The management approach covers all GRI topics and sector disclosures related to the material topic "Operational excellence and financial performance".

⁹The management approach covers all GRI topics and sector disclosures related to the material topic "Customer relations and satisfaction".

GRI Standard	Disclosure	Page	Omissions	Global Compact	SDG
Material topic Corporate governance					
GRI 103 Management approach 2016	103-1 Explanation of the material topic and its Boundary	31, 32, 33, 34, 35, 36 and 37	-	-	-
	103-2 The management approach and its components	31, 32, 33, 34, 35, 36, 37, 39, 40, 41, 42 and 43	-	-	-
	103-3 Evaluation of the management approach	28, 31, 32, 33, 34, 35, 36 and 37	-	-	-
Material topic Innovation and new technologies					
GRI 103 Forma de gestão 2016	103-1 Explanation of the material topic and its Boundary	62 and 63	-	-	-
	103-2 The management approach and its components	39, 40, 41, 42, 43, 62 and 63	-	-	-
	103-3 Evaluation of the management approach	28, 62 and 63	-	-	-
GRI Electric utilities sector supplement 2013	EU8 Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	62	-	7, 8 and 9	7, 9, 11, 12 and 13
Material topic Ethical conduct and transparency					
GRI 103 Management approach 2016	103-1 Explanation of the material topic and its Boundary	95, 96, 97, 98 and 99	-	-	-
	103-2 The management approach and its components	39, 40, 41, 42, 43, 95, 96, 97, 98 and 99	-	-	-
	103-3 Evaluation of the management approach	28, 95, 96, 97, 98 and 99	-	-	-
GRI 205 Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	95 and 96	-	10	16
	205-2 Communication and training about anti-corruption policies and procedures	95 and 96	-	10	16
	205-3 Confirmed incidents of corruption and actions taken	95 and 96	-	10	16
Material topic Sustainable supplier management					
GRI 103 Management approach 2016¹⁰	103-1 Explanation of the material topic and its Boundary	77, 78 and 79	-	-	-
	103-2 The management approach and its components	39, 40, 41, 42, 43, 77, 78 and 79	-	-	-
	103-3 Evaluation of the management approach	28, 77, 78 and 79	-	-	-
GRI 308 Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	77 and 78	-	8	-
	308-2 Negative environmental impacts in the supply chain and actions taken	77 and 78	-	8	-
GRI 414 Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	77 and 78	-	5, 8 and 16	1, 2, 4, 5 and 6
	414-2 Negative social impacts in the supply chain and actions take	77 and 78	-	5, 8 and 16	1, 2, 4, 5 and 6

¹⁰The management approach covers all GRI topics related to the material topic "Sustainable supplier management".

Assurance statement



DECLARAÇÃO DE ASSEGURAÇÃO DO RELATÓRIO ANUAL 2021 DA CPFL ENERGIA

O RINA BRASIL SERVIÇOS TÉCNICOS LTDA, com base nas avaliações realizadas por sua equipe técnica, declara que o Relatório Anual da CPFL Energia, para o ano 2021, denominado

CPFL - Relatório Anual 2021
elaborado pela organização

CPFL Energia

Está em conformidade com os requisitos previstos nas Diretrizes da GRI, para a abordagem "essencial" escolhida pela Organização.

Elaborado pela organização

CPFL Energia

A verificação do Relatório Anual 2021 foi realizada da maneira descrita no documento do RINA "Regulamento para verificação dos relatórios de sustentabilidade", disponível no site do RINA, www.rina.org.

Data da declaração: 28/03/2022

RINA Brasil Associação
Permanente Legal
RINA BRASIL
Natal Ferreira Vasconcelos
DIRETOR RINA BRASIL

Form: SR_STM-STD (02-2018)



Objetivo da auditoria de Asseguração

O RINA BRASIL SERVIÇOS TÉCNICOS LTDA foi contratado pela organização "CPF ENERGIA", com sede em Rod. Engenheiro Miguel Noel Nascentes Burnier, 1755 - Km 2,5 - Parque São Quirino - CEP: 13088-140 - Campinas/SP, para realizar a asseguarção independente do Relatório de Sustentabilidade "Relatório anual 2021", referente ao ano de 2021, para conformidade dos princípios de relatórios contidos nas diretrizes da GRI para a abordagem "Essencial" (Core Option).

Metodologia

O RINA realizou a asseguarção através de:

- um exame documental da documentação preparada pela Organização;
- entrevistas com representantes da Organização e as principais partes interessadas, para coletar evidências para apoiar o Relatório anual 2021 e examinar o fluxo de informações que gerou os dados relatados;
- a preparação de um relatório de asseguarção e a emissão de uma declaração sobre a verificação da origem e verificabilidade dos dados, fontes e processos através dos quais o Relatório anual 2021 da Organização para o ano de 2021;
- as informações financeiras e contábeis da CPFL ENERGIA não foram verificadas como parte do processo de asseguarção.

Declaração de independência, imparcialidade e competência

RINA BRASIL SERVIÇOS TÉCNICOS LTDA é a empresa do grupo RINA que fornece serviços de classificação, certificação, testes e inspeção para garantir a excelência às organizações nos setores naval, meio ambiente e energia, infraestrutura, transporte e logística, qualidade e segurança, e setores agroindustrial.

Como organismo independente, o RINA BRASIL SERVIÇOS TÉCNICOS oferece seus serviços em total conformidade com os princípios da ética profissional, independência, imparcialidade e competência.

Com base no trabalho realizado, as evidências coletadas e as avaliações realizadas por seus técnicos do RINA no período de 8 a 10 de março de 2021, podemos afirmar que o Relatório de Sustentabilidade "Relatório anual 2020" está em conformidade com os princípios de relatório contidos nas diretrizes da GRI da opção "Core" da Global Reporting Initiative.

Declaração Independente de Asseguração

Desta forma, com base no trabalho realizado, as evidências coletadas e as avaliações realizadas por seus técnicos pela equipe técnica do RINA e em conformidade com a diretrizes da GRI para a abordagem "Essencial" (Core Option) e "Regulamento para verificação dos relatórios de sustentabilidade" do RINA, podemos afirmar que o Relatório de Sustentabilidade "Relatório anual 2021" está em conformidade com os princípios de relatório contidos nas diretrizes da GRI da opção "Core" da Global Reporting Initiative, incluindo aqueles do Suplemento Setorial para *Electric Utilities*.

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Recomendações e conclusões

A integração de controles e de reporte entre as empresas do grupo CPFL vem evoluindo desde 2019, este ano houveram evoluções significativas relacionadas a completude dos dados. Dados que em 2020 foram reportados parcialmente, este ano foram reportados na integralidade.

Com relação ao valor econômico gerado e distribuído, sugerimos que desenvolvam controles e processos que permitam o reporte do montante de investimento nas comunidades de forma estruturada para o ano de 2021.

O reporte do indicador de consumo de água ainda precisa ser trabalhado internamente para que possa ser reportado atendendo o requisito GRI que pede que os dados sejam informados segregados pelo tipo de captação de água. Para 2022 recomendamos que os dados de captação superficial e subterrânea sejam reportados de forma segregada para melhor atendimento ao indicador.

Para os indicadores de resíduos ainda é necessário evoluir nos controle e no reporte, para atendimento ao requisito do indicador, segregando todas as informações pelo tipo de destinação e cobrindo toda a geração de resíduos do grupo. Recomendamos que sejam destinados à efetiva reciclagem todos os materiais que possam ser reciclados, tais como: plástico, vidro, papel, papelão e outros materiais que sejam identificados.

Recomendamos incluir no reporte de 2021 o indicador 404-3 - Percentual de empregados que recebem avaliações regulares de desempenho e de desenvolvimento de carreira conforme identificado durante a auditoria.

Recomendamos que reporte do indicador de treinamentos específicos de direitos humanos seja revisado, pois hoje são reportados os treinamentos em ética e outros que permeiam o tema de Direitos Humanos, mas não há um treinamento específico que trate do tema.

Com relação ao indicador de Não conformidade com leis e regulamentos na área socioeconômica, este ano novamente houve uma discussão sobre o que deveria ser reportado e foi recomendado que a empresa evolua na discussão internamente para identificar e reportar as informações solicitadas no indicador para o próximo ciclo.

Equipe de Auditoria

Geisa Maria Príncipe Branco Saettoni – Auditora Líder
Patricia Perin – Auditora especialista em inventários GEE
Juliana Fullmann - Auditora especialista em relatório de sustentabilidade

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Credits and corporate information

CPFL Energia S.A.

Rod. Engineer Miguel Noel Nascentes Burnier, 1755
Parque São Quirino
Campinas - SP | Zip code: 13088-900

GENERAL DIRECTION

Legal and Institutional Relations Vice-Presidency
Environment and Sustainability Department
Communication and Institutional Relations Department

GATHERING OF INFORMATION

Employees of CPFL Energia Group (subsidiaries and affiliates)

CONTENT, CONSULTING, DESIGN AND INFOGRAPHICS

usina82

PHOTOGRAPHY

CPFL Energia Collection
The photos in which people appear without a mask were taken before the Covid-19 pandemic.

CONTACT

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