

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