
# 2021 ANNUAL REPORT

NEOENERGIA

# Contents



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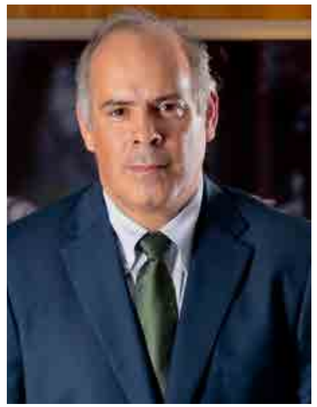


**Mario Ruiz-Tagle**
CEO

> We continue to expand our renewable generation assets, delivering clean energy for a low-carbon economy."

# OUR ROLE EXTENDS BEYOND FINANCIAL PERFORMANCE

|GRI 102-14|

With resilience and determination, Neoenergia navigated another year of uncertainties and challenges brought on by the pandemic and its impacts on economic recovery, made worse by a severe water crisis in Brazil.

Guided by a sustainable strategy—comprising investments across all segments of the power sector—we continued to deliver on our commitment to creating value for society, shareholders, customers and employees.

With investments of more than R$ 9.4 billion in distribution and transmission, and significant progress on our renewables projects, we closed the year with EBITDA of R$ 9.9 billion, a gain of 52% on the previous year, and net income of R$3.9 billion, a year-on-year increase of 40%.

Serving approximately 16 million customers across our distribution service areas, including our recently integrated Neoenergia Brasilia business, we continued to invest in power system quality, expansion and digitization, and in enhancing the customer experience and customer satisfaction.

Throughout the year, we completed the Dourados, Santa Luzia and Jalapão transmission projects more than a year ahead of schedule under the auction rules, and we expanded our portfolio with the acquisition of a new transmission concession in Minas Gerais, bolstering Brazil's national network.

We are advancing clean energy as a way to decarbonize the economy, as we continue to expand our renewable assets. We completed Neoenergia Chafariz, a 471MW wind farm cluster in Brazil's northeastern state of Paraíba, and with the scheduled completion of the Neoenergia Oitis 567MW wind farm cluster (Bahia and Piauí) and the Neoenergia Luzia 149 MWp wind farm in 2022, renewables will account for 90% of our electricity generation mix.

The electricity output from these assets will be sold under short-, medium- and long-term contracts with large consumers, along with clean energy certificates.

We continue to develop a pipeline of wind and solar projects, and to build our team's and strategic partners' capabilities to develop offshore generation projects and green hydrogen pilots.

We have also invested in electric mobility through R&D programs such as Green Corridor (*Corredor Verde*)—the largest electric car-ready highway in Brazil's Northeast, with 18 newly installed private charging stations—and company fleet electrification. Today, hybrid and electric vehicles already account for 17% of Neoenergia's light vehicle fleet.

Our sustainable growth strategy, and backing from a global power--sector group with recognized leadership in clean energy, gives us access to a wide variety of sources of funding, including green and subsidized finance. To optimize our project finance, we were among the first Brazilian companies to develop a Green Finance Framework describing our sustainable practices.

Our response to the water crisis in Brazil was high on our agenda throughout 2021. In line with the Brazilian Federal Government's energy efficiency program, and with support from the Brazilian Electric Utility Association (ABRADEE), we launched an important campaign to raise awareness about efficient and conscientious electricity consumption.

Our operational capabilities and business model have helped to strengthen the capacity and flexibility of Brazil's power network . We complied with the Federal Government's request that we postpone the scheduled shutdown of Neoenergia Termopernambuco, a thermal power plant, given its importance for the Northeast network.

We believe we can and must play an active role in the development of

the regions where we operate. In line with the 10 principles of the Global Compact and the 17 UN Sustainable Development Goals, Neoenergia works to foster social upliftment and economic development in the areas where we operate. We believe our purpose extends far beyond financial results. We work for the betterment of society through initiatives addressed to the most vulnerable groups and minorities.

Neoenergia has also helped to provide timely relief in times of need. For example, early in Brazil's vaccination rollout, we donated scientific refrigerators to store vaccines in 965 Brazilian cities with a low Human Development Index (HDI), and we provided relief to people affected by floods in southern Bahia toward the end of 2021.

As part of our commitment to social and cultural development, the Neoenergia Institute invested more than R$ 9 million in the year, including company and tax-deducted funds. The Institute, operating within the group's business model, has established important collaborations, including a partnership with the Brazilian development Bank (BNDES) as a co-founder of the Reviving History (*Resgatando História*) project, which is helping to restore Brazilian architectural and cultural heritage.

We also highlight our model of developing local suppliers in the states of Bahia, Pernambuco, Rio Grande do Norte and São Paulo, which represent more than 60% of our procurement spend, boosting the economies of our service areas. As a highlight in 2021, we launched a sustainability certification program in 2021, with 79% of our large suppliers now certified.

Neoenergia's Electrician Schools—including women-only classes, a program recognized by UN Women, and which we are particularly proud of—have helped to provide skills building and employability in our service areas, improving living standards for graduates and their families. We trained more than 1,700 electricians in 2021, hiring 95% of graduates as part of our insourcing program.

And within our efforts to increase diversity, leverage complementary strengths and advance women's empowerment in society, in addition to amplifying women's participation in our Electrician School courses, we have also worked to expand female representation in leadership roles within the company. In 2021, in a company-first program to support women's sports, we became sponsors of the Brazilian Women's National Soccer Team and the Brazilian Women's National Championship, now named after Neoenergia.

Supporting our commitment to the environment, social uplifting and best-practice governance, we have set a series of targets for 2030 that include: reducing emissions to less than 50 grams of $CO_2$ per kWh generated, and achieving net-zero emissions by 2050; achieving net zero biodiversity loss from new developments; and having 35% of our leadership positions filled by women, and all our major suppliers certified as sustainable.

These targets can only be met by a capable and highly engaged team, and that is why we have invested in more than 1 million hours of training for our more than 15,000 employees. We also support the professional development of our employees through internal recruiting, by which we have filled 77% of our leadership positions. Neoenergia seeks to foster a proactive and collaborative culture through our volunteering program, to which more than 1,900 employees have currently signed up.

In a strategic move in response to the upcoming liberalization of the power sector, we unified the Neoenergia brand under a company-wide commitment to supplying clean, affordable and high-quality electricity, and under a business model driven by efficient management, innovation and sustainability. We've enhanced our relationship with customers by expanding our offering of products and services, and creating new customer service and payment channels.

Our sustainable practices and business model have put us in a position of industry leadership and earned us a presence in important sustainability and governance indices, such as the London Stock Exchange Group's FTSE4Good Index Series, the Brazilian stock exchange's Corporate Sustainability Index (ISE B3), the S&P Sustainability Yearbook and CDP. In 2021 we were also awarded a Pró-Ética Mark for the fourth consecutive year, covering our distribution companies.

I would like to thank our employees for their commitment to delivering results and, above all, for helping to strengthen the Neoenergia culture and its focus on building trust with each of our stakeholder groups. 2022 brings new challenges and many opportunities, but I'm confident that we have the resources and capable people to create value for shareholders and for Brazilian society.

**Mario Ruiz-Tagle**
CEO

> We have set a series of targets that strengthen our commitments to sustainable development."

# ABOUT NEOENERGIA

# Profile

|GRI 102-1, 102-5, GRI 102-7, EU1| SDG 7.2

A subsidiary of Spanish group Iberdrola, Neoenergia is helping to lead Brazil's energy transition to a carbon-neutral economy, operating across three strategic power-sector segments: Distribution & Transmission; Renewables (wind and hydropower) and the Liberalized (thermal generation and electricity trading). Neoenergia is a publicly traded company listed on the Brazilian stock exchange (B3 – Brasil, Bolsa, Balcão), the parent company of multiple power-sector companies in Brazil.

It has operations in 18 states and the Federal District, with a particularly strong presence in Brazil's Northeast. With a total service area of 842,000 square kilometers and 15.7 million customers across five distribution utilities—Neoenergia Coelba (BA), Neoenergia Pernambuco (PE), Neoenergia Cosern (RN), Neoenergia Elektro (SP/MS) and Neoenergia Brasilia (DF)—the company supplies electricity to 37.6 million people.

In its transmission business, there are 2,334 kilometers of transmission lines in operation and 4,031 under construction.

In the Generation business, the company has an in-operation installed capacity of 4,547 GW. Neoenergia's generation platform is based on clean energy sources, with a significant share of renewable assets, all operating under long-term concessions and long-term power purchase agreements in the regulated market. The company owns seven hydroelectric plants (3,030.6 MW) and 32 wind farms currently in commercial operation (984 MW), and have 12 wind farms (566.50 MW) and two photovoltaic solar farms under construction (149 MWp).

Neoenergia's Liberalized division includes a combined-cycle gas-fired power plant (Termopernambuco (532.8 MW); wholesale trading and power management services businesses (NC Energia and Elektro Comercializadora), and a business providing energy products and solutions, including distributed generation projects (Neoenergia Serviços).

Through the Neoenergia Institute, the company supports sustainable development projects that improve quality of life and inclusion in the communities where it operates, especially disadvantaged communities.

As of December 31, 2021, Neoenergia had a workforce of 15,058 direct employees, 27,993 contractors and 564 interns, for a total workforce of 43,615 people.

Net revenue totaled R$ 41.120 millions and EBITDA was R$ 9.856 millions in 2021, up 32% and 52%, respectively, in 2020.

RENEWABLES

TRANSMISSION & DISTRIBUTION

LIBERALIZED

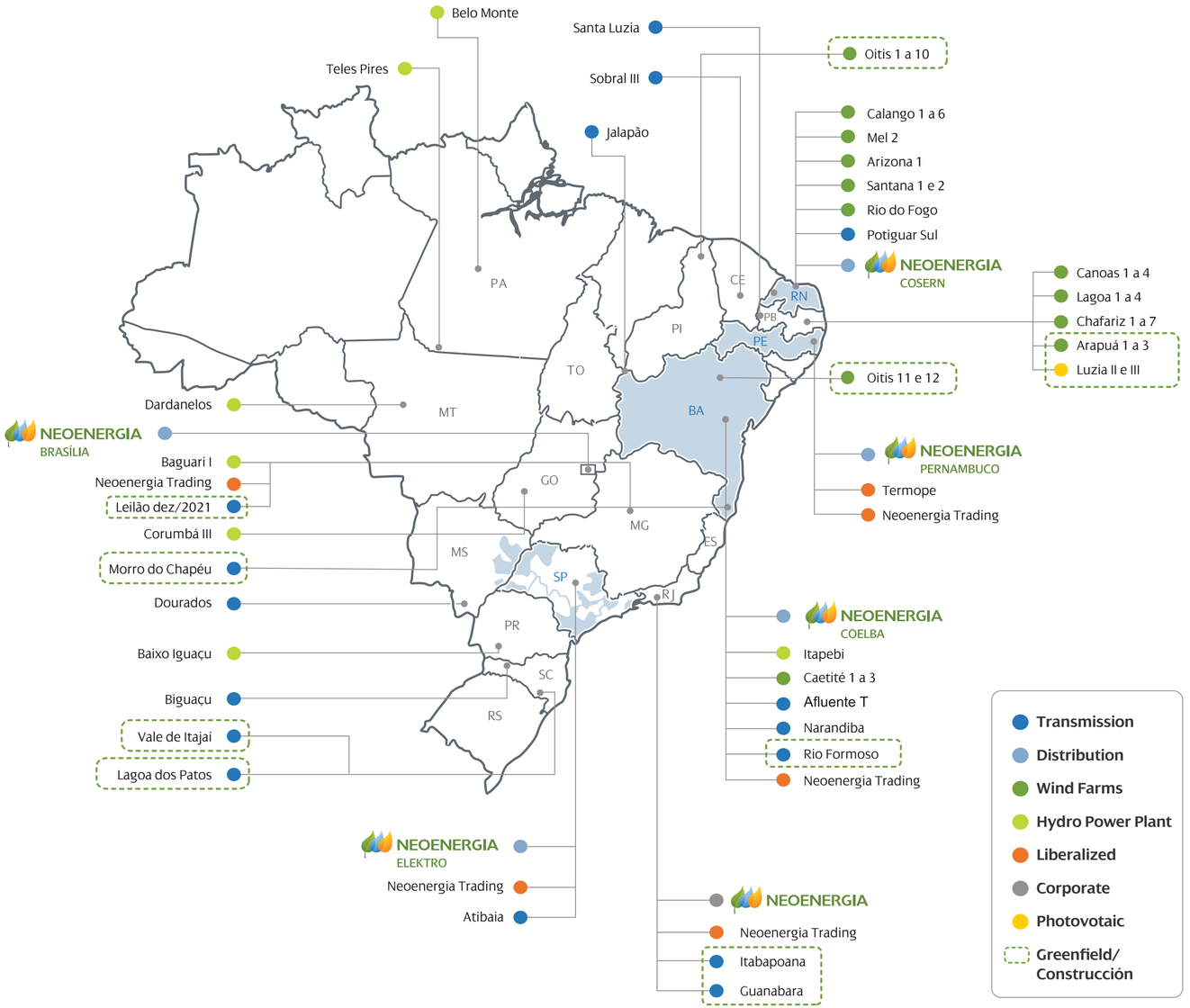
**4,015 GW**
wind and hydropower capacity

**15.7 million**
customers

**4.45 TWh**
of electricity supplied to end customers

# Business presence

GRI 102-2, 102-4, 102-6



|GRI 102-7|

# KEY INDICATORS

| ECONOMIC AND FINANCIAL INDICATORS | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Total assets (R$ million) | 46,564 | 54,215 | 66,297 | 85,800 |
| Equity (R$ million) | 17,577 | 19,259 | 21,509 | 24,238 |
| Gross debt (R$ million) | 19,930 | 21,346 | 23,797 | 36,753 |
| Net debt (R$ million) | 15,865 | 17,134 | 18,527 | 30,749 |
| Financial leverage: net debt/EBITDA (times) | 3.49 | 3.00 | 2.85 | 3.12 |
| Capital Expenditure (R$ million) | 3,793 | 4,390 | 6,337 | 9,369 |
| Number of customers (thousand) | 13,792 | 14,049 | 14,289 | 15,742 |
| Installed generation capacity (MW)[1] | 3,467 | 4,079 | 4,079 | 4,547 |
| Total net power output (GWh) | 13,652 | 14,007 | 13,121 | 15,129 |
| Power distributed – captive + free (GWh) | 56,719 | 58,918 | 57,026 | 66,257 |
| Net operating revenue (R$ million) | 25,954 | 28,461 | 31,989 | 43,165 |
| Employee compensation and benefits (R$ million) | 1,101 | 1,230 | 1,304 | 1,608 |
| Payments to providers of capital (R$ million) | 7,334 | 5,405 | 8,083 | 6,735 |
| Tax expense (R$ million) \|GRI 207-4\| ■ SDG 1.1, 1.3 ■ SDG 10.4 ■ SDG 17.1, 17.3 | 10,910 | 11,945 | 11,983 | 15,783 |
| Shareholder dividends (R$ million) | 645 | 636 | 842 | 1,114 |
| **RESULTS OF OPERATION** | | | | |
| Operating cash generation - EBITDA (R$ million) | 4,552 | 5,719 | 6,496 | 9,856 |
| Finance revenue/expense (R$ million) | -1,169 | -1,341 | -1,030 | -2,283 |
| Operating income (R$ million) | 3,270 | 4,273 | 4,878 | 7,872 |
| Consolidated net income (R$ million) | 1,536 | 2,229 | 2,809 | 3,925 |
| Added value (R$ million) | 20,939 | 20,890 | 24,275 | 28,192 |

| GOVERNANCE INDICATORS | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Independent board members (%)[2] | 0% | 23.1% | 23.1% | 23.1% |
| Women on the Board of Directors[3] (%) | 0% | 4.8% | 4.8% | 4.8% |
| Number of people trained on anti-corruption | 9,781 | 9,699 | 12,131 | 14,155 |
| Customer privacy incidents (#)[4] | n/a | 0 | 0 | 2 |
| Local procurement spending (%) | 79.3% | 98.6% | 99.5% | 99.3% |

[1] Excludes Neoenergia Pernambuco's Tubarão Plant (4.8 MW capacity) in Fernando de Noronha.
[2] As a percentage of members.
[3] Includes Isabel Garcia Tejerina, who attended all board meetings in 2021 as an independent member. She submitted her resignation on 12/15/2021 and was replaced by Marina Freitas Gonçalves de Araújo Grossi in February 2022, also as an independent member.
[4] In both incidents, the Brazilian Data Protection Authority identified no material risks or damage to the data subjects or any material data breach, theft or loss.

| SOCIAL INDICATORS | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Number of employees | 10,749 | 11,746 | 12,814 | 15,058 |
| Number of contractors | 21,604 | 25,704 | 24,743 | 27,993 |
| Community investments – Neoenergia Institute and Electricity for All (LPT) program, not including federal government subsidies – (R$ thousand) | n/a | 186,877 | 322,576 | 345,400 |
| R&D + I investment (R$ thousand)[5] | n/a | 100,047 | 145,411 | 174,030 |
| Hours of training per employee (average hours) | 62.9 | 63.0 | 79.9 | 83.5 |
| Women out of total direct employees (%) | 18% | 18% | 18% | 18% |
| Women in direct leadership positions (%)[6] | n/a | 19.4% | 27.6% | 26.2% |
| Discrimination reports | n/a | n/a | 5 | 3 |
| Perceived Quality Satisfaction Index (ISQP)[7] | 72.6% | 71.0% | 75.0% | 65.7% |
| Employee injury rate | n/a | 0.52 | 0.86 | 0.44 |
| Contractor injury rate | n/a | 0.37 | 0.38 | 0.38 |

| ENVIRONMENTAL INDICATORS | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Emissions intensity ($gCO_2$/kWh generated)[8] | 77 | 73 | 53 | 61 |
| Direct (Scope 1) GHG emissions ($tCO_2e$)[8] | 1,043,248 | 1,024,241 | 750,128 | 986,065 |
| Indirect (scope 2) GHG emissions ($tCO_2e$)[8] | 488,001 | 538,802 | 490,242 | 967,717 |
| Hazardous and nonhazardous waste (t)[9] | 57,247 | 41,931 | 25,550 | 19,324 |
| Energy efficiency investment (R$ thousand) | 43,049 | 50,485 | 65,263 | 96,784 |
| Environmental sanctions (number) | n/a | 27 | 15 | 12 |
| Environmental expenditure (R$ million)[10] | 919 | 947 | 518 | 4,934 |
| Renewable installed capacity (MW) | 2,935 | 3,546 | 3,546 | 4,015 |
| Renewable installed capacity (%) | 84.6% | 86.8% | 86.9% | 88.3% |

[5] R&D investment is non-inclusive of contributions to the National Scientific and Technological Development Fund (FNDCT), the Ministry of Mining and Energy (MME) and the Energy Development Account (CDE).
[6] Women in leadership positions: executive officers, department heads, managers.
[7] In 2021 all Brazilian electric utilities recorded a decline in quality satisfaction rates, reflecting the pandemic and economic downturn. The national average index fell from 75.2% in 2020 to 65.5%.
[8] 2021 data are preliminary and not yet audited. The final emissions inventory will be published on the Sustainability page of the Neoenergia website (www.neoenergia.com). 2019 data have been restated based on the 2019 Emissions Inventory, and 2020 data have been restated based on the 2020 Emissions Inventory. |GRI 102-48|
[9] 2021 waste data may differ from those reported for the parent group and in the Standardized Financial Statements due to consolidation adjustments to the subholding company-level waste data to include tree trimming waste.
[10] 2021 data include investments in new renewable generation assets.
n/a – Not available.

8 DECENT WORK AND ECONOMIC GROWTH

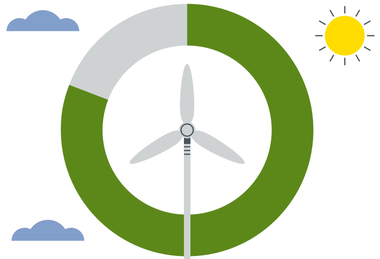
# 2021 at a Glance

## FINANCIAL CAPITAL

**R$ 41.1 billion** in net revenue

**R$ 9.8 billion** in EBITDA

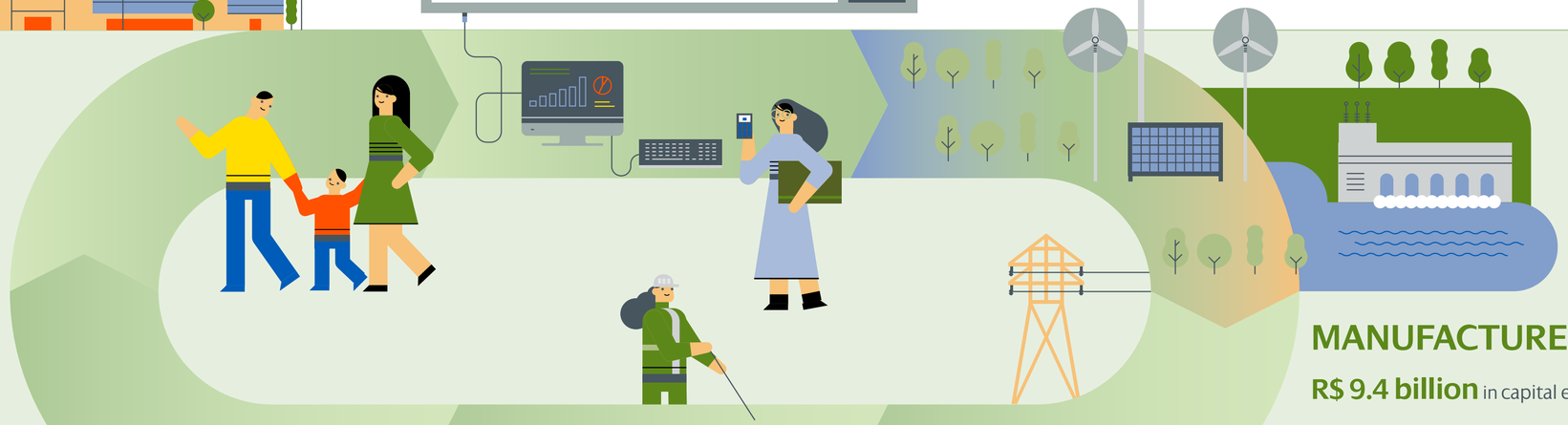
**R$ 2 billion** raised in green bonds



## NATURAL CAPITAL

**78.9%** renewable generation capacity

**60.9 $gCO_2/kWh$** in emission intensity



## SOCIAL AND RELATIONSHIP CAPITAL

**15,7 million** customers

**345 million** in private social investment

**R$ 33.6 billion** paid in benefits

## INTELLECTUAL CAPITAL

**R$ 174 million** invested in innovation and R&D

**6** patent applications

**889** software licenses

## HUMAN CAPITAL

**43,615** employees, interns and contractors

**1.3 million** hours of training

## MANUFACTURED CAPITAL

**R$ 9.4 billion** in capital expenditure

**4,547 MW** in generation capacity

**2,334 km** of transmission lines

**668,123 km** of distribution lines

**44** wind farms

**6** hydroelectric plants and **1** thermal power plant

# Strategy and Future Vision

|GRI 103-2, 103-3_201_305| SASB IF-EU-110a.3

Creating sustainable value is at the core of Neoenergia's strategy to become the largest and most profitable integrated electric utility in Brazil. A commitment to the three dimensions of ESG is integral to Neoenergia's strategic plan for the period 2018-2022, which is informed by the company's purpose, values and management policies, and the outlook for the energy industry. Initiatives under the plan are focused on capturing growth opportunities in the regulated businesses, with an emphasis on expanding in renewable generation, transmission and distribution.

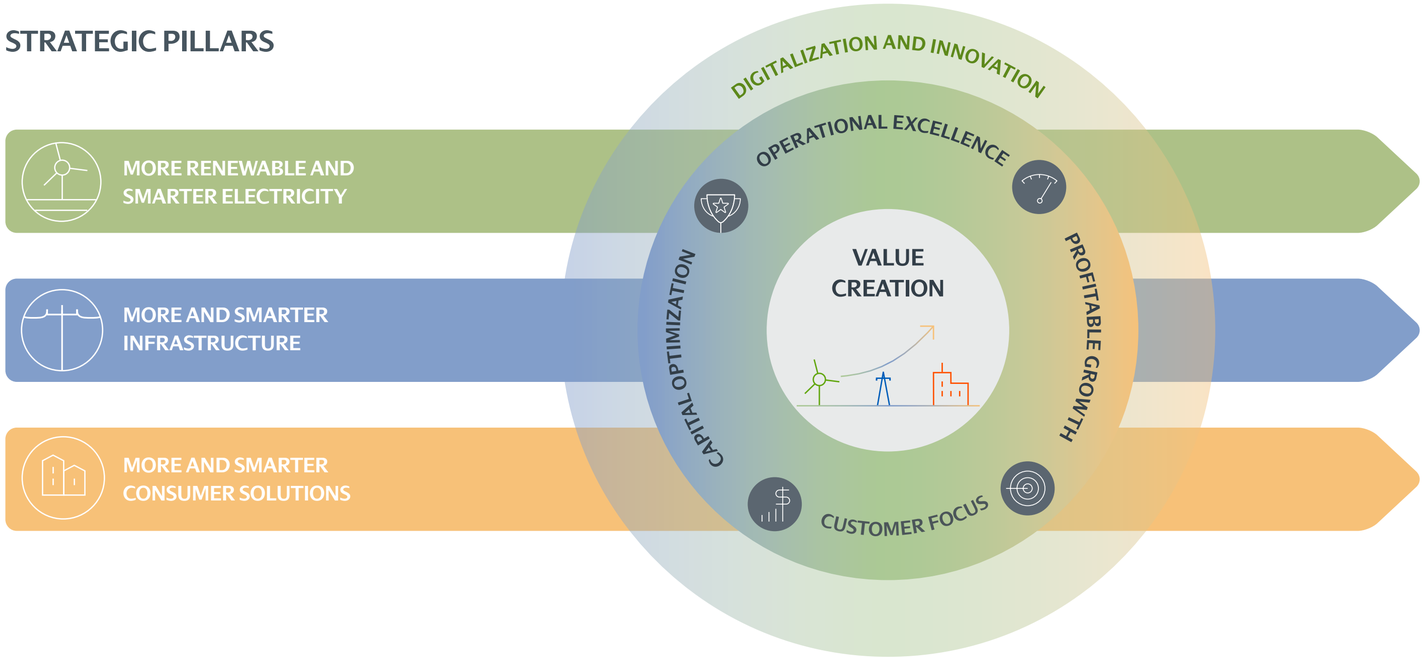
The strategic plan comprises three core elements:

1. A focus on regulated, high-growth segments
2. Growth in renewables
3. Cost discipline

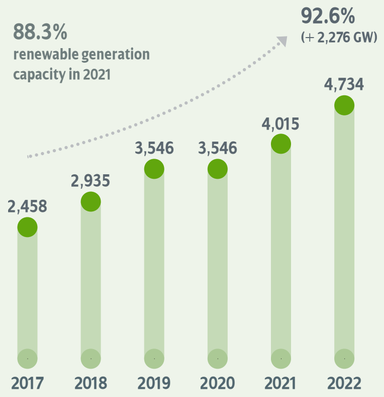
Five pillars underpin the plan: Operational excellence; Customer focus; Profitable growth; Capital optimization; and Digitization and innovation—with the last pillar cutting across all Neoenergia's projects and processes. These pillars support the development of smarter businesses to deliver more renewable energy, more networks and more solutions to consumers.

Financial stability is an imperative for balanced growth. Neoenergia seeks to maintain the high levels of solvency needed to sustain operations, good access to capital markets, and a policy designed to ensure increasing dividend payouts consistent with earnings growth.

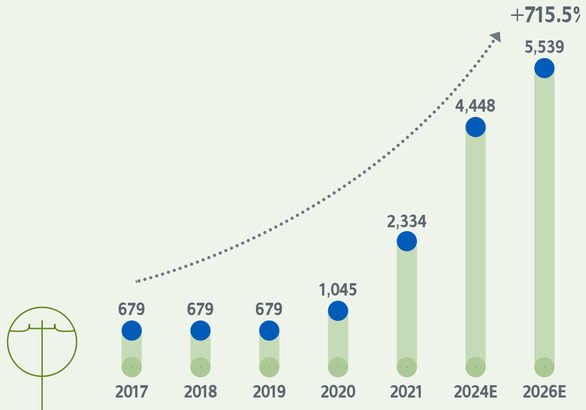
## STRATEGIC PILLARS



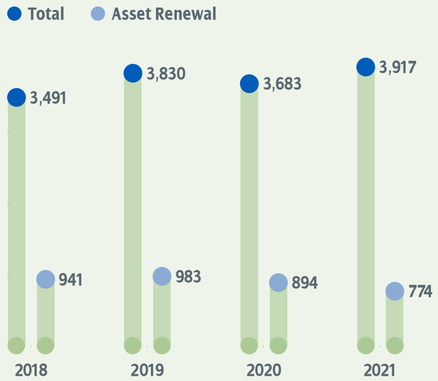
## RENEWABLE INSTALLED CAPACITY
(MW)



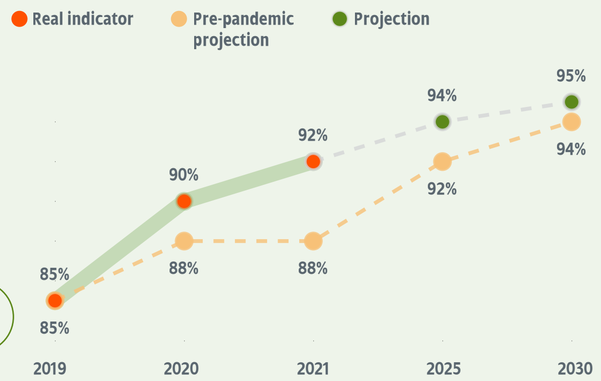

## TRANSMISSION SYSTEM LENGTH
(KM)




## DISTRIBUTION INVESTMENTS
(R$ MILLION)




## CUSTOMER DIGITIZATION




## MORE RENEWABLES

## MORE INFRASTRUCTURE

## BETTER CUSTOMER SERVICE

## MORE INNOVATION

Solutions for clean and affordable electricity.
Expanded use of digital technologies to drive operational excellence and efficiency.

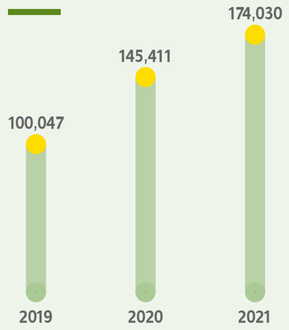
Reducing incidents | Fast outage recovery → AUTOMATION

Reducing crew movement | Operational efficiency → TELECOMMUNICATIONS AND CYBERSECURITY

OPERATION CENTERS ← Smart crew deployment | Shorter crew response times

SMART METERING ← Meter reading efficiency | Loss management | Customer delinquency management

## R&D+I INVESTMENT
(R$ THOUSAND)




In 2021 Neoenergia celebrated 24 years of growth supported by solid strategic pillars that will drive future growth:

**Geographic diversification:** A presence in Brazil's Northeast, Southeast, Midwest and South.

**Energy transition:** Supporting the decarbonization and electrification of the economy through investments in renewable energy.

**Efficiency:** Continuously pursuing operational efficiency.

**Portfolio optimization**: Ensuring the environmental and financial sustainability of its business model.

**Innovation:** Laying the foundations for the future.

**Sustainability:** Commitment to people, communities, the environment and universal access to electricity in its service areas.

## TRENDS

The public-health, economic and social crisis caused by the COVID-19 pandemic has rekindled the debate about the importance of tackling climate change, protecting the environment and conserving biodiversity, both for people's health and for business resilience. Leading public- and private-sector organizations have proposed an approach to economic recovery that recognizes sustainability as an opportunity to transition to a new social and economic model that is carbon neutral, resilient, sustainable and inclusive. This vision, termed as a "green recovery", is one to which Neoenergia is fully committed. Disruptive trends are intensifying in the power sector as efforts to fight climate change gain momentum around the world.

Neoenergia's business strategy factors in the current context of the power sector and identified future trends, including:

**Decarbonization** – There is an urgent need to advance decarbonization, which will rely on the use of renewables at large-scale and massive investment in power networks. Innovation and technological progress will drive reductions in the cost of renewables. This, combined with increased digitization and efficiency, will accelerate the electrification of the economy.

**Growing demand for electricity** – Many agencies, including the International Energy Agency (IEA), believe widespread electrification will drive up total global demand to 42,000 TWh by 2050, according to the IEA's World Energy Outlook 2021.

**End-use electrification** – The share of electricity in total consumption is forecast to rise from 20% currently to 49% by 2050, according to the IEA report. Progressive end-use electrification and demand for new services will empower customers, placing them at the center of the energy transition.

**Mass use of renewable resources** – End-use electrification will require 2.5-fold growth in renewable capacity to 7,000 GW by the end of the decade, according to the New Energy Outlook 2020 report from Bloomberg New Energy Finance (BNEF). Added renewables will be needed to replace existing thermal capacity and to meet the demand arising from new uses like transport, buildings, industry, etc. The transmission segment will also need to expand to transport the output from renewables, such as wind and solar.

## ENERGY TRANSITION

Neoenergia's strategy and business model have been designed in anticipation of the role that the power sector will play in fighting climate change and in creating opportunities for economic, social and environmental development. Neoenergia believes that confronting this serious threat requires not only the commitment of companies and consumers, but also that of regulators and public institutions, which need to adopt appropriate energy policies and regulations.

According to the Intergovernmental Panel on Climate Change (IPCC), achieving the goal of limiting global temperature rise to 1.5°C will require an emissions decline by about 45% from 2010 levels by 2030, and achieving net zero emissions by 2050.

This puts electricity from renewable sources at the epicenter of decarbonization, with the need to electrify sectors like transport and buildings, in which polluting energies still play a predominant role.

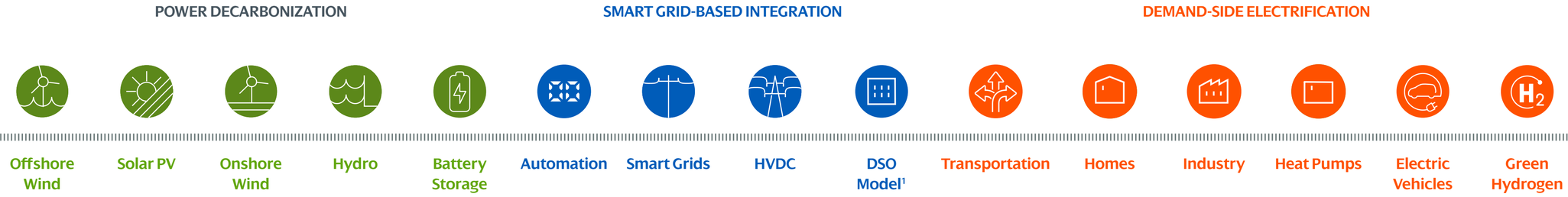
Company-wide innovation will drive rapid adoption of new generation technologies, as well as automated and remote operation of transmission and distribution networks. Electricity is unique in its ability to help address climate change: it can connect renewables to a wide range of industries, and is competitive against other generation sources. It can also power other industries, such as transportation—which accounts for 25% of global emissions according to the IPPC—and heating and cooling, in which electrification is still low.

The electrification of the economy hinges on developing efficient, smart and flexible power transmission and distribution infrastructure that is able to incorporate renewable energy sources and meet new requirements in terms of connectivity, digitalization and demand-side management. (*learn more about climate change in Environmental aspects).*

Neoenergia firmly believes that the transition to a carbon-neutral economy by 2050 is technologically possible, economically feasible and socially necessary. The decarbonization of the economy is a tremendous opportunity to create wealth, generate employment and improve both the condition of the planet and people's health.

The company, alongside its parent group Iberdrola, is committed to leading the energy transition with a focus on decarbonization, renewable energy, decentralization and grid digitization, in line with what the International Energy Agency (IEA) has reported to be the industry's primary demands.

This will involve an investment by the company of more than R$ 25 billion by 2025. Neoenergia will deliver on this commitment by promoting:




[1]Distribution System Operation—digitized, decentralized and multi-directional distribution, replacing the traditional uni-directional model (Distribution Network Operator (DNO)).

# GROWTH LEVERS

## DISTRIBUTION

**52.6%**

customer growth since 2014. Start of operations acquired from CEB-D—now Neoenergia Brasilia—adding

**1.1 million**

new customers in 2021.

**96%**

consolidated EBITDA in 2021.

## TRANSMISSION

Project completion ahead of schedule has delivered expected return rates. New lots under development will add a Permitted Annual Revenue (RAP) of R$ 716 million. Prospective new projects are identified selectively.

## RENEWABLES

In 2021 the Chafariz wind cluster's 15 wind farms came online, adding 471.25 MW of installed wind capacity, which at year-end stood at

**984 MW**

Another 12 wind farms are under construction and are slated to add 566.50 MW starting in 2022, with 70% sold to the free market. As a result,

**88.3%**

of the company's installed capacity is renewable.

Neoenergia entered the solar power segment with the construction of two solar farms in Paraiba, Northeastern Brazil, with a combined capacity of 149.3 MWp, due to start operation in 2022, with

**100%**

of their output sold on the free market.

The portfolio had of more than 4.8 GW of onshore wind and solar photovoltaic projects under development[1].

## LIBERALIZED

Neoenergia's fast-growing wholesale trading business sold more than 11 TWh of electricity to end customers in 2021, up 60% on 2020. In addition to electricity sales during the netting period (the current and subsequent 4 years), the company's growth strategy includes electricity sales under long-term Power Purchase Agreements (PPAs), which improve cost predictability for end-users and provide stable revenues for renewables assets. A long-term model also allows customers to trace the electricity they consume to renewable energy sources. Neoenergia also recorded growth in International Renewable Energy Certificate (I-REC) sales. In 2021, the company sold approximately 5.2 million I-RECs in connection with electricity delivered in the current and future years. These certificates are widely recognized as a way for the global financial market to implement sustainable energy practices and offset greenhouse gas (GHG) emissions, and can be reported to stock exchange sustainability indices. Every MWh of electricity generated from a renewable energy resource is worth 1 I-REC. Neoenergia Serviços ended 2021 with more than 267,000 clients across the solar, engineering, mass market and electric mobility segments, a 95% expansion from its customer base in 2020. Meanwhile, Termopernambuco was successful in a reserve electricity auction organized by the Brazilian power sector regulator, ANEEL. Electricity supply under the 15-year contract will begin on July 1, 2026.

## A FOCUS ON EFFICIENCY

- Assets integrated together, supporting efficiency, process integration and cost reduction
- High value-added activities insourced
- Process digitization
- Financial health to drive shareholder value

[1]Capacity stated in MW (wind) and MWp (photovoltaic).

# CHALLENGES AND OPPORTUNITIES

## CHALLENGES

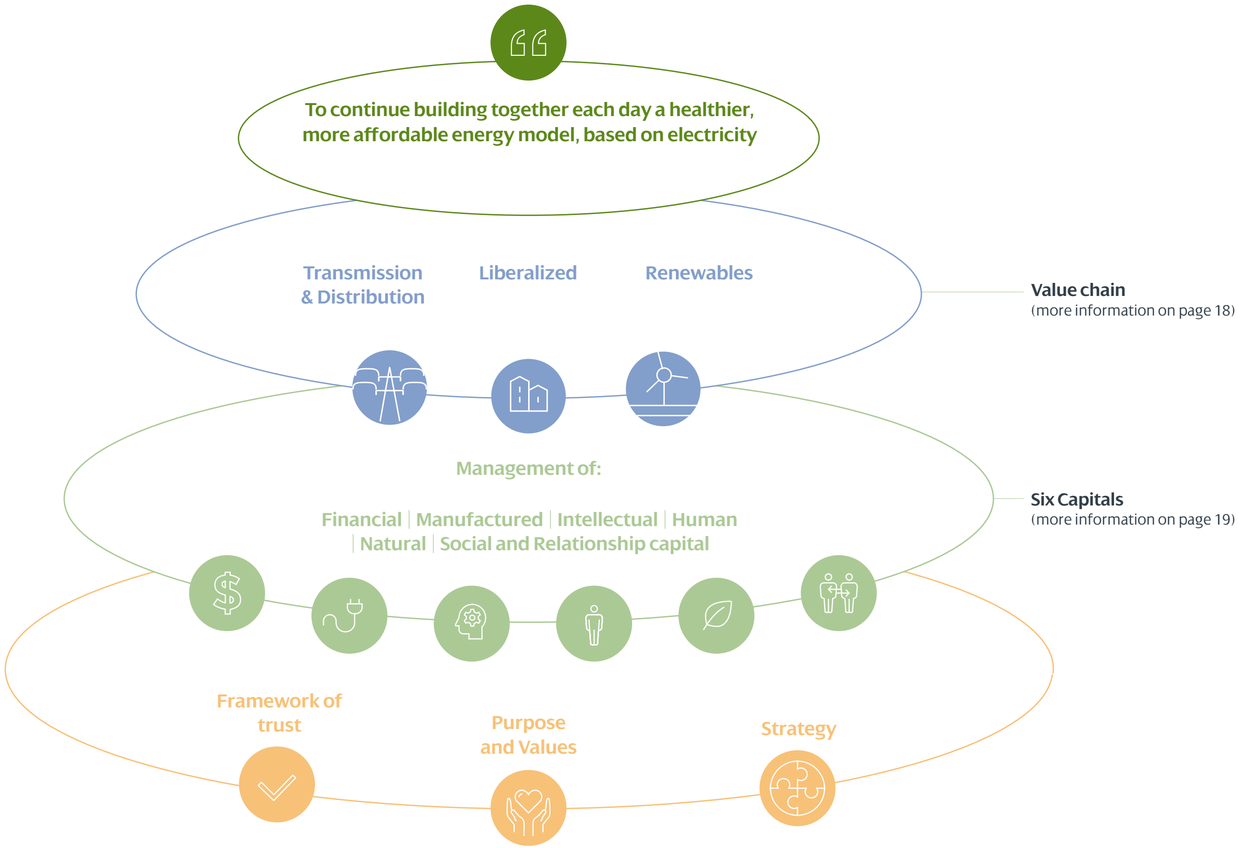
- Higher demand for cleaner and more sustainable energy driven by the decarbonization of the economy, which at the same time represents an opportunity.
- Management of higher electricity consumption due to the electrification of the economy, which will require increased smart-grid usage.
- Implementation of a historic investment plan aimed at strengthening the company's business model, based on more renewable energy, more networks, more storage and more smart solutions for customers.
- Reaching higher levels of efficiency both in production and in the improved use of electricity by customers, by innovating to improve technology and digitization in operations.
- Managing and identifying innovative and competitive solutions to address network losses.
- Operating in areas with water stress, which can affect the output of hydroelectric plants.

## OPPORTUNITIES

- Strong and diversified business model in all areas: by businesses (continually adjusting units and products to compete in different scenarios), geographies and technologies and market access.
- Business expansion, focused on those with ambitious climate and renewable energy targets, such as onshore and offshore wind and photovoltaics.
- Proven management and implementation capabilities, with a track record of growth based on preservation of know-how and focus on customers and ESG+F.
- Tremendous experience in the development and construction of renewables and power grids (maintaining control of key activities and operations to ensure growth), as well as in retail sales.
- Benchmark in efficiency, based on digitization, sharing best practices and exploiting economies of scale, as well as a culture of innovation.
- Green hydrogen is becoming a new growth opportunity, as a strategic lever for the industrial segment and for sectors that are difficult to decarbonize.
- Distributed generation within a decentralized model that connects customers to generation sources and drives decarbonization—through the use of clean, energy, typically photovoltaics—and digitization, with online management of power generation and consumption.
- Electrification of the economy, expanding demand for electricity and related services, such as electric mobility.

## NEOENERGIA DIFFERENTIATORS

- Neoenergia's Purpose as its raison d'être and social contribution, and the Values as its culture, guiding the organization and defining its essence and identity.
- A corporate governance system consistent with international best practices.
- Corporate ethics, internalized by management bodies and the organization as a whole.
- Sustainable development policies, which are responsive to stakeholder expectations and guide the company's strategy.
- A framework of trust that ensures the sustainability of the business model.
- An advanced risk control system, to maintain an optimal risk/opportunity balance.
- A pioneering and leading strategy that integrates an ESG+F focus to satisfy the expectations of all stakeholders.
- Responsible management of the company's capital.
- An organization structured into three global businesses (Networks, Renewables and Liberalized), with a Board of Directors as the group's supervisory body.
- A supply of healthy and accessible energy.




|GRI 102-16|

Neoenergia's commitment to sustainable development contributes to a greater connection with people, society as a whole and stakeholders.

The company's **Purpose** "To continue building together each day a healthier, more affordable energy model based on electricity" expresses:

- Neoenergia's commitment to the well-being of people and the preservation of the planet.
- A commitment to a real and comprehensive **energy transition** which, based on the decarbonization and electrification of the energy sector in particular and of the economy as a whole, contributes to the fight against climate change and generates new opportunities for economic, social and environmental development.
- A focus on developing **clean energies**.
- An ambition to build **an increasingly electricity-based energy model.**
- The conviction that a **cleaner** energy mix is also **healthier** for people, whose well-being depends on the environmental quality of their surroundings.
- An aspiration for the new **energy model to also be more affordable** to all, and to favor inclusiveness, equality, equity and social development.
- The desire to promote this new **model in collaboration** with all players involved and with society as a whole.

To attain this Purpose, Neoenergia has condensed its corporate **values** into the following three concepts:

- **Sustainable energy:** we aim to inspire while creating economic, social and environmental value for all the communities in which we operate, with our sights firmly set on the future.
- **Integrating force:** we possess great strength and a deep sense of responsibility and we therefore work together and combine our talents towards a purpose that will benefit everyone involved.
- **Driving force:** we make small and large changes while being efficient and self-demanding, always in pursuit of continuous improvement.

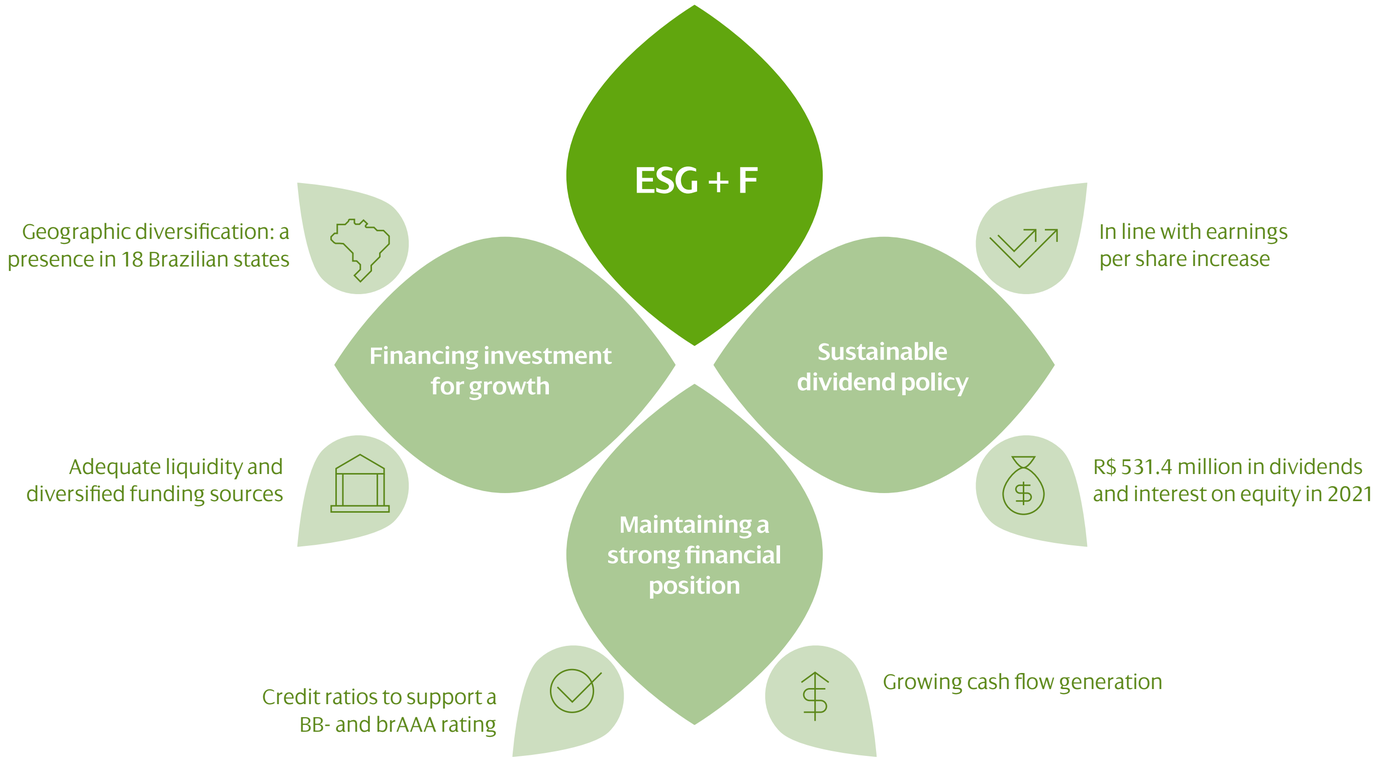
# Business Model

ESG+F aspects are integral to Neoenergia's business strategy and business model, in addition to sustainable financial results. business model is supported by:

- An approach to economic and financial management that drives value creation for all stakeholders.
- Investment concentrated in the regulated businesses or businesses with long-term contracts, which provide known and recurring cash flows.
- A dividend policy focused on strong and growing returns, in line with better company results.

Neoenergia's **business model allows us to:**

- Satisfy the expectations of stakeholders, and with regard to ESG+F (Environmental, Social, Governance + Financial) aspects.
- Accelerate the growth of its renewable activities, mainly offshore wind and photovoltaic, in order to meet its decarbonization target.
- Maintain a strong financial position, which allows the company to meet its investment targets.
- Implement a sustainable, certain and growing dividend policy, which allows shareholders to participate in the objectives achieved.



# THE VALUE CHAIN

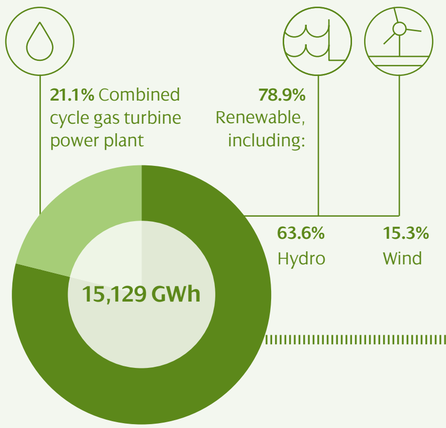
Neoenergia's operations span the entire power sector value chain, from generation through transmission & distribution to wholesale trading.

## GENERATION

Construction, operation and maintenance of generating plants, and purchase/sale of electricity on wholesale markets.

### GENERATION OUTPUT IN 2021

|GRI EU2| ■ SDG 7.1 ■ SDG 14.3




## TRANSMISSION & DISTRIBUTION

Construction, operation and maintenance of power lines, substations, transformers and other infrastructure, to bring electricity from production centers to the end user.

### TRANSMISSION & DISTRIBUTION

**783**
High to medium voltage step-down substations

**748,856**
Medium and low voltage distribution transformers

### OVERHEAD POWER LINES

|GRI EU4| SASB IF-EU-000.C

**2,334 km**
transmission lines in operation

**21,150 km**
sub-transmission lines

**665,129 km**
distribution lines

### UNDERGROUND POWER LINES

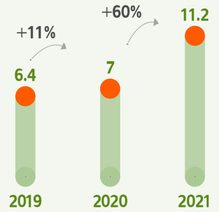
|GRI EU4| SASB IF-EU-000.C

**3,160 km**
sub-transmission and distribution lines

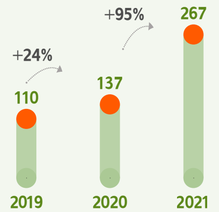
## ELECTRICITY TRADING & SERVICES

Electricity sales to end-customers in the Liberalized and provision of products and services.

### ELECTRICITY VOLUME SOLD TO END CUSTOMERS (TWH)[1]



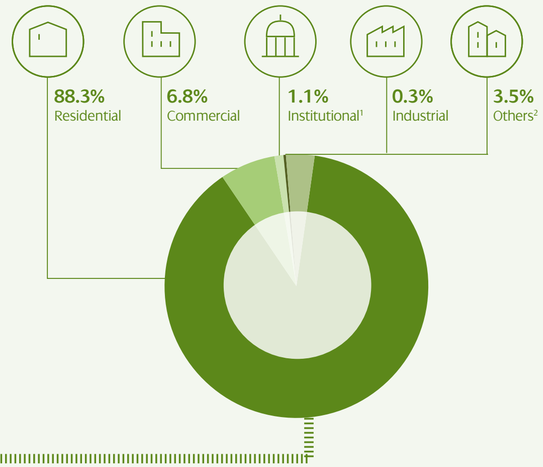

### CUSTOMER BASE FOR PRODUCTS AND SERVICES (THOUSAND)[2]




[1] Volume of electricity sold in the current and future years (under an agreement concluded in 2019).
[2] Product and services customers include: solar, mass-market, electric mobility engineering

### ACTIVE CONSUMERS BY CLASS – CAPTIVE MARKET

|GRI EU3|




[1] Government, Public lighting and Public services
[2] Rural and own consumption

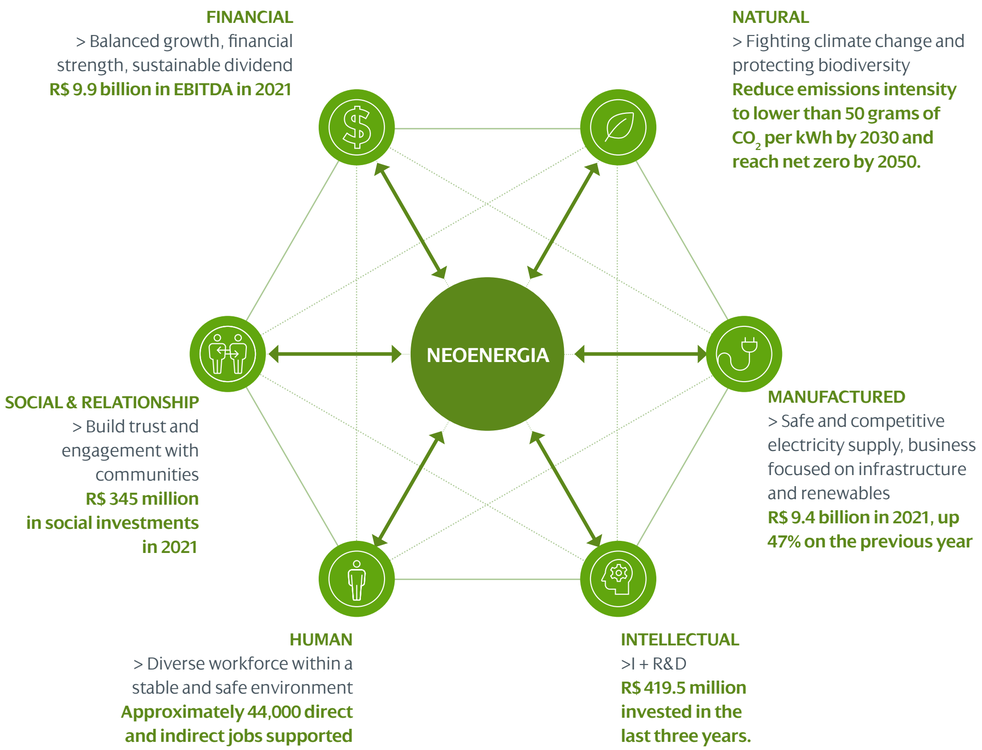
# CAPITAL MANAGEMENT

The Neoenergia group holds valuable assets for the implementation of its business model. The strategy defined by the company transforms this capital to create value for all stakeholders.

| | What it is | Management approach | Material topics |
|---|---|---|---|
| **Financial Capital** | Funds that the company already has or raises in the capital markets. | Create shareholder value through sustainable growth. | Balanced and diversified growth.<br>Strength of the financial structure.<br>Operational excellence.<br>Sustainable results and dividends. |
| **Manufactured Capital** | Tangible assets or goods used by the company to carry out its business activities. | Offer a competitive supply of energy in a safe and reliable environment. | Power generation assets.<br>Power transmission and distribution assets.<br>Develop a circular economy of assets.<br>Other assets. |
| **Intellectual Capital** | Intangible, knowledge-based assets. | Consider innovation as a strategic element of the company. | R&D+I.<br>Digitization for efficiency and development of new products and services.<br>Disruptive technology and business models. |
| **Human Capital** | Employee knowledge, skills, experience and motivation. | Ensure the availability of a committed and qualified workforce.<br>Offer a diverse, inclusive and balanced work environment. | Global human resources management.<br>"Zero accidents" program.<br>Talent management.<br>Diversity, equal opportunity and work-life balance. |
| **Natural Capital** | Natural resources potentially affected by the company's activities. | Ensure a sustainable use of natural resources and contribute to combating climate change. | Climate change.<br>Preservation of biodiversity and natural capital.<br>Management of the company's environmental footprint.<br>Operational excellence and energy efficiency.<br>Circular economy. |
| **Social and Relationship Capital** | Ability to share, engage and collaborate with stakeholders, promoting community development and well-being. | Promote relations of trust with stakeholders, improving quality of life for people in areas where the group has a presence. | Stakeholder engagement model.<br>Community support and electricity access programs.<br>Human rights due diligence system.<br>The Neoenergia Institute.<br>Brand management. |

The social dividend created by Neoenergia's strategy and business model translates into an increase in the value of its capital, which in turn feeds back into a cycle of value creation, thus efficiently interconnecting the operations of the business and the capital of the company. The chart below shows the strategic focus for each capital and quantifies aspirations or achievements in this area

## EXTERNAL CONTEXT



# Investment Pipeline

Neoenergia's investment profile denotes its commitment to the energy transition and to decarbonizing the power sector, in line with its strategy of focusing on renewable energy—especially wind and solar—and smart grids. Under its investment plan, Neoenergia will integrate smart grids with renewable assets and support uptake of distributed generation, while improving the quality of electricity supply and grid efficiency.

In 2021 the company invested R$ 9.4 billion in capital expenditure. Most of the expenditure in 2021, R$ 6.2 billion (65.9% of the total), was invested in Networks, with R$ 3.9 billion allocated to the Distribution segment (41.8%), earmarked for both network expansion and improvement/efficiency. The R$ 2.3 billion investment in Transmission was allocated to the development of assets acquired in auctions between 2017 and 2020.

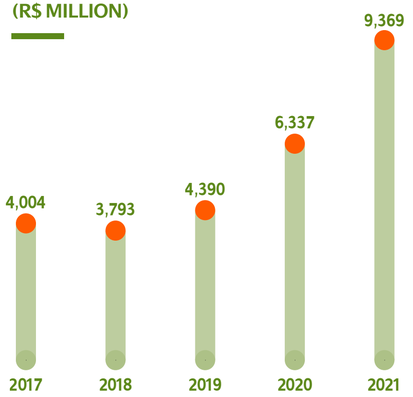
In renewables, investments of R$ 3.1 billion have been allocated to the Chafariz wind cluster in Paraíba and the Oitis wind cluster in Piauí and Bahia. Chafariz was completed at year-end, adding 471.2 MW of new capacity. Oitis, with a capacity of 566.5 MW, will be completed in 2022. Neoenergia is also investing in the 149.3 MWp Luzia solar farm in Paraíba, due to start commercial operation in the second half of 2022. This is Neoenergia's first centralized photovoltaic project. The electricity output will be entirely sold on the free market, and the new asset will operate in synergy with the company's wind and transmission businesses in the region.

Hydropower plants received investments of R$ 206 million, including R$ 130 million recognized as intangible assets for Itapebi in connection with the GSF (*Generation Scaling Factor*); the remainder was used toward maintenance.

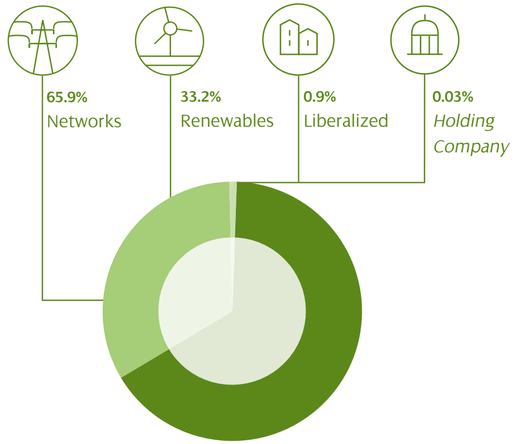
Investments in the Liberalized business (R$ 84 million) were used for maintenance at Termopernambuco.

IN 2021 NEOENERGIA INVESTED **R$ 9.4 BILLION** IN CAPEX

**CAPITAL EXPENDITURE (R$ MILLION)**




**INVESTMENTS BY BUSINESS IN 2021**



# ESG+F Commitments [GRI 102-15]

In line with its sustainable development strategy, in February 2021 Neoenergia reformulated its Governance & Sustainability System, structuring it around ESG+F *(environmental, social and governance + financial)* aspects. To achieve progress on these aspects in a planned manner, the company has set a number of targets to be achieved by 2025 and 2030, from a 2020 baseline. These targets are based on topics considered material for sustainable management and the company's commitment to the SDGs (*see page 23*).

The targets the company has set are ambitious yet achievable, as part of its commitment to providing transparency on meaningful and measurable objectives that represent the company's priorities in terms of its contribution to sustainable development. The commitments Neoenergia established in 2020, such as adopting the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) for climate management and implementing best-practice governance and compliance, have all been met.

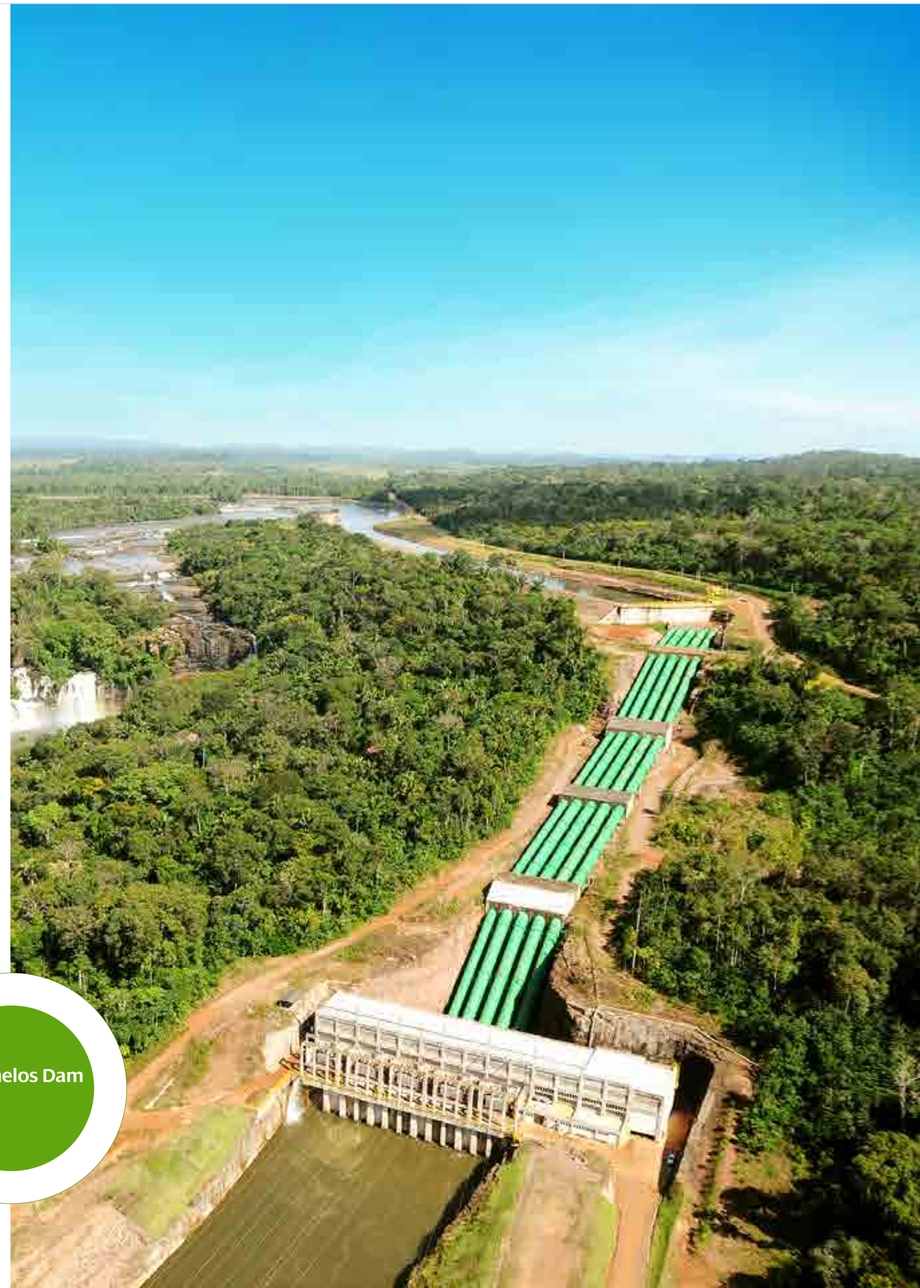
Execution of the ESG+F strategy is guided by the company's Governance & Sustainability System, which revolves around three pillars: (1) environmental performance, fighting climate change and protecting and restoring biodiversity; (2) the company's social commitment, which is reflected in its social programs; and (3) governance standards and policies. ESG+F aspects are effectively embedded in Neoenergia's strategy and business model (*for more information, see pages 10 and 17*).

The reformulation of its Governance & Sustainability System, accompanied by periodic reviews of its governance standards, will ensure the company's activities are in accordance with internationally recognized best practices. Neoenergia's business results in 2020 and 2021 have shown that businesses that have dealt best with the social, economic and, above all, health crisis, caused by COVID-19, have been those with the most robust and stable corporate governance system.

The company's initiatives are informed by its General Sustainable Development Policy, which outlines the foundational principles guiding its sustainability strategy. This ensures that all corporate and business activities are committed to and effectively work to create sustainable value for all stakeholders (customers, shareholders, employees, suppliers, regulators, governments and the communities affected by the business), equitably compensating all groups that contribute to the success of the company's business enterprise.

## COMMITMENTS AND TARGETS FOR 2030

- Reduce emissions intensity to lower than 50 grams of $CO_2$ per kWh by 2030 and reach net zero by 2050.
- Achieve net zero loss of biodiversity from new projects, and work to generate a positive net impact from greenfield infrastructure projects.
- Have 35% of leadership positions filled by women.
- Have 70% of major suppliers certified as sustainable by 2022, and 100% by 2030.



Dardanelos Dam

Solar farm in Fernando de Noronha

## ALIGNED WITH THE SDGS AND THE GLOBAL COMPACT

As part of its commitment to creating shared value and social dividends, Neoenergia has aligned its business and sustainability strategy with the United Nations' (UN) Global Compact Principles and Sustainable Development Goals (SDGs), which are engaging companies around an agenda to eradicate poverty, promote prosperity and well-being, and protect the environment.

Neoenergia takes the SDGs into consideration as guidance in its decision-making processes, the principles of which inform the group's conduct and daily tasks, rejecting conduct that contravenes or hinders them. The main focus of its initiatives is on SDG 7 (clean and affordable electricity) and 13 (climate action), which are intrinsically related to the power sector.

Neoenergia is also committed to other SDGs that contribute directly to the sustainability of its business: clean water and sanitation (SDG 6), industry, innovation and infrastructure (SDG 9), life on land (SDG 15) and partnerships for the goals (SDG 17). These goals correlate with the main topics covered in this report and are considered material to sustainability management at Neoenergia. *(The materiality assessment process is addressed on page 108).*

In September its deputy CEO, Solange Ribeiro, was named by the United Nations (UN) Secretary-General, Antonio Guterres, as vice-chair of the UN Global Compact Board, a coalition of more than 12,000 companies in 160 countries that have aligned their strategies and operations with ten principles on the environment, labor, anti-corruption and human rights, helping to build a resilient and carbon-neutral economy.

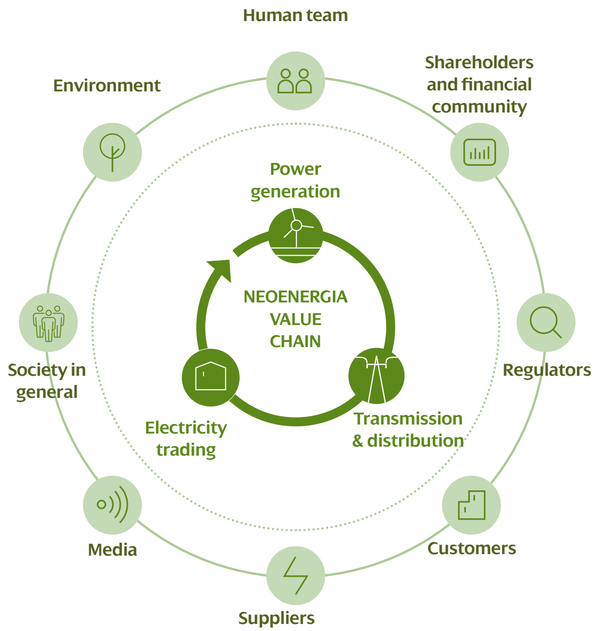
## NEOENERGIA'S MATERIAL TOPICS AND THE SDGS

| Material topics | Main focus | | Direct contribution | | | | Indirect contribution | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 7 AFFORDABLE AND CLEAN ENERGY | 13 CLIMATE ACTION | 6 CLEAN WATER AND SANITATION | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 15 LIFE ON LAND | 17 PARTNERSHIPS FOR THE GOALS | 1 NO POVERTY | 2 ZERO HUNGER | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 14 LIFE BELOW WATER | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS |
| **Priority** | | | | | | | | | | | | | | | | | |
| Ethics and Integrity | | | | | | | | | | | | | | | | | ☑ |
| Health and safety | | | | | | | | | ☑ | | | ☑ | | | | | |
| Energy transition | ☑ | ☑ | | | ☑ | | | | | | | ☑ | | | ☑ | | |
| Diversity and equal opportunity | | | | | | | | | | | ☑ | ☑ | ☑ | | | | |
| Customer satisfaction | ☑ | | | | | | ☑ | | | | | | | | ☑ | | ☑ |
| Connectivity, digitization and cybersecurity | | | | | | | | | | | | | | | | | ☑ |
| Integration of renewable energy sources into the grid | | ☑ | | | ☑ | | | | ☑ | | | | | | ☑ | ☑ | |
| Economic and financial performance | ☑ | ☑ | | ☑ | ☑ | | | ☑ | | | ☑ | | | | ☑ | ☑ | |
| Climate change | ☑ | ☑ | | | ☑ | | | | ☑ | | | ☑ | | | ☑ | ☑ | |
| Socially responsible investment | | ☑ | | | | | | | | | | | | | | | |
| **Material** | | | | | | | | | | | | | | | | | |
| Innovation and new business models | | | | ☑ | | | | | | | | | | | | | |
| Vulnerable customers | ☑ | | | | | | | | | | | | | | | | |
| Biodiversity management | | | ☑ | | ☑ | | | | | | | | | | | ☑ | |
| Smart grids and supply quality | ☑ | | | ☑ | | | | ☑ | | | ☑ | | | ☑ | | | |
| Impact on local communities | | | | | ☑ | ☑ | ☑ | | ☑ | | | ☑ | ☑ | ☑ | | | |
| Responsible supply chain | | | | | | | | | | | ☑ | | ☑ | | | | ☑ |
| Human rights | | | | | | | | | | | | | ☑ | | | | ☑ |
| Transparency | | ☑ | | | ☑ | | | | ☑ | | | | | | ☑ | ☑ | ☑ |

# STAKEHOLDER ENGAGEMENT

Strong engagement of stakeholders is an imperative for achieving Neoenergia's social purpose and developing a responsible and sustainable business model. This imperative is expressed in the company's Stakeholder Engagement Policy, which was approved by the Board of Directors in 2015 and last amended in July 2021. An internal assessment informed the selection and identification of groups and entities whose decisions and opinions have an influence on Neoenergia and who, at the same time, are affected by its activities. |GRI 102-42|

Neoenergia has a vast value chain and therefore a large number of stakeholder groups, for which reason it has decided to group them into eight different stakeholder categories:




## STAKEHOLDERS |GRI 102-40, 102-43|

| Stakeholder | Main representatives | Relationship channels |
|---|---|---|
| **Human team** | Employees \| Contractors \| Unions | Joint employee subcommittees and committees \| Opinion and climate surveys \| Ethics and suggestion channels \| Employee intranet portal \| Corporate webpages |
| **Regulators** | ANEEL, government (federal, state and municipal) | Periodic meetings and consultations, both through direct contact and sector organizations \| Corporate webpages |
| **Customers** | Consumer Councils, consumer protection service (PROCON), Ombudsman | In-person (stores and correspondents) and virtual direct service channels (telephone, social media, app, website, WhatsApp and SMS) \| Systems to improve customer service and complaint workflows \| Customer satisfaction surveys \| Corporate webpages |
| **Suppliers** | Suppliers of materials and services | Supplier portal on the corporate website \| Supplier Service Center \| Supplier satisfaction surveys \| Supplier onboarding and screening processes \| Supplier conferences \| Dedicated communications on our corporate website |
| **Media** | Newspapers, TV stations, radio stations, social media | Press announcements \| Press releases \| Individual meetings and press conferences \| Visits to the Group's facilities \| Virtual press room \| Active presence on social media \| Corporate website \| WhatsApp |
| **Society in general** | Trade and community associations, institutes, NGOs, consumer boards, consumer protection service (PROCON) | Social media and traditional communication channels \| Active membership of business and industry organizations \| Collaboration with academic, educational and innovation-related institutions \| Collaborative projects with social and cultural institutions and organizations \| Direct relationship with social groups surrounding our facilities \| Public consultations \| Participation in forums, seminars and other events \| Corporate website |
| **Environment** | Institutes, NGOs | A dedicated portal within our corporate website \| Environmental posts on social media \| Collaboration with multilateral institutions, such as the UN, and other agents through cooperation contracts and alliances \| Participation in global environmental initiatives \| Questionnaires to assess the environmental impact of suppliers \| Public consultations during the development of new facilities |

Neoenergia's Stakeholder Engagement Policy establishes an overall framework for engagement with stakeholders across its activities and operations, in order to:

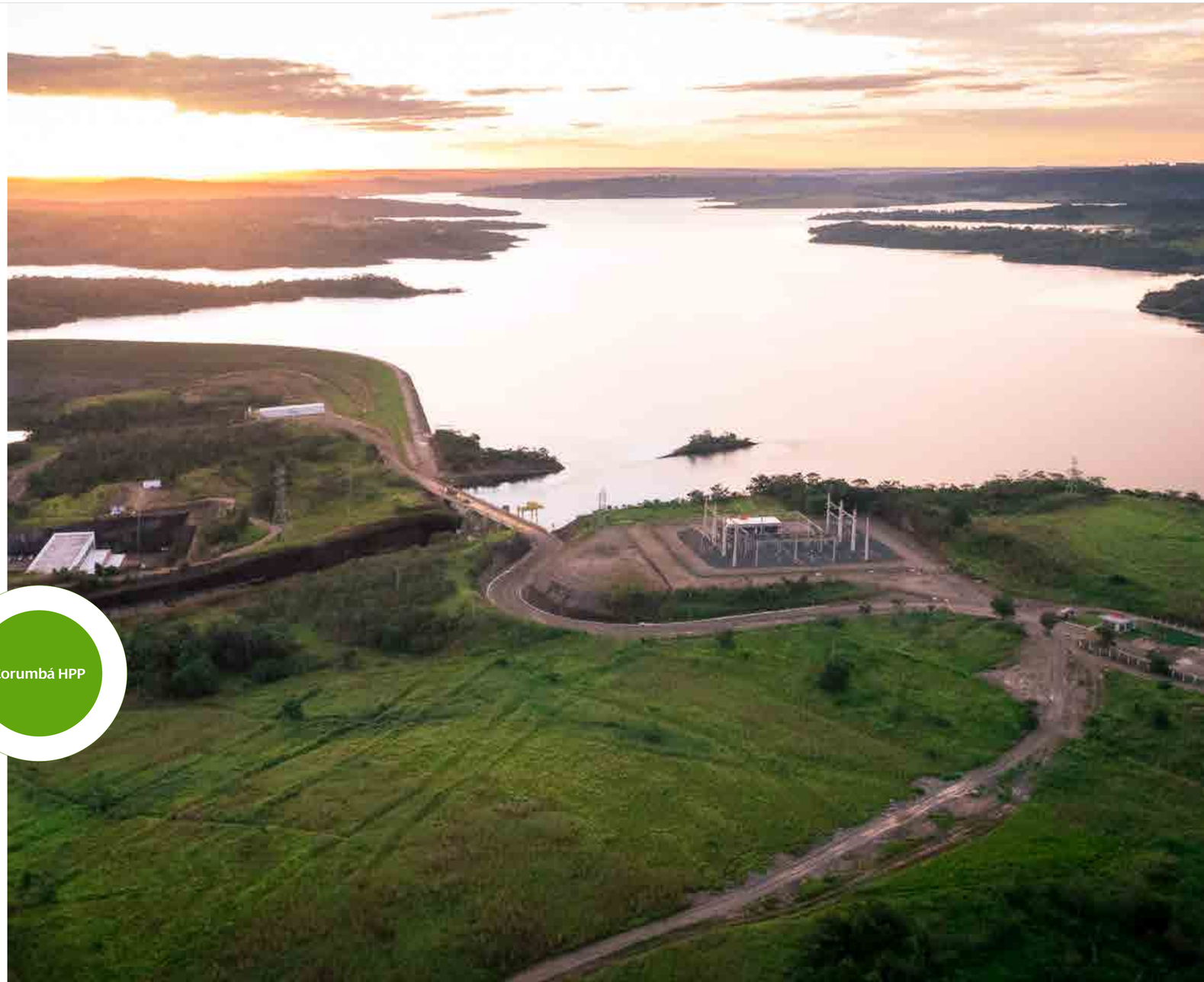
1. Continue encouraging stakeholder engagement through a strategy of close involvement in the communities where Neoenergia operates and the creation of shared sustainable value for all stakeholders;

2. Continue responding to the legitimate interests of the stakeholders with which the company interacts;

3. Continue building trust among stakeholders in order to build long-lasting, stable and robust relationships;

4. Encourage the recognition by all stakeholders of the company's commitment to diversity in the broad sense, particularly regarding the professional development of their members; and

5. Contribute through all of the above to maintaining the company's corporate reputation in the various locations and businesses in which it operates.



Corumbá HPP

# SIGNIFICANT IMPACTS ON SUSTAINABILITY

|GRI 102-15|

Neoenergia's sustainable development strategy aims to create value for all stakeholders by delivering high quality power supply service, primarily deriving from energy sources that preserve the environment, while remaining alert to opportunities presented by the market and delivering on its commitments to support the SDGs, in particular SDGs 7 and 13.

To this end, Neoenergia consistently innovates; pursues new investments in and promotes more efficient, sustainable and clean technologies; supports the professional growth of and the development of soft and hard skills by employees; works to ensure the safety of people and the company's power systems, and strives to build a successful business enterprise together with all operators in its value chain, sharing its success with stakeholders.

Developing talents

This commitment to sustainability is built around the following main principles of conduct, as set out in Neoenergia's Sustainable Management Policy:

**a)** development of a business model based on environmentally sustainable economic activities;

**b)** competitiveness of energy products supplied, through efficiency in the generation, storage, transmission, distribution and sale of electricity;

**c)** high quality of service and reliability and security in the supply of energy products;

**d)** reducing the environmental impact of all activities performed by group companies;

**e)** creation of shared sustainable value with shareholders and other stakeholders;

**f)** promoting the group's social commitment and, in particular, respect for human rights as set out in the Policy on Respect for Human Rights; and

**g)** promoting responsible electricity consumption.

*Neoenergia's Sustainable Management Policy can be viewed here. The General Sustainable Development Policy, which governs its different corporate policies related to ESG issues and underpins the group's sustainable development strategy, is available here. Both policies were updated in July 2021.*

## MEASUREMENT OF SOCIAL DIVIDENDS

Neoenergia sees social dividends as a way of providing added value to stakeholders through its activities, while also helping to fulfill the Sustainable Development Goals (SDGs).

Social dividends are generated by Group activities that contribute: to the betterment of society in general, both from an economic viewpoint as well as from the perspective of business ethics; to the promotion of equality and justice; to the protection of vulnerable groups; to innovation; to environmental protection and climate change mitigation; to the generation of high-quality employment; and to other measures of well-being.

The company's approach to measuring social dividends encompasses the principal direct and indirect impacts, both present and future, generated by its activities, consistently with its commitment to long-term, sustainable creation of value.

# Awards, Recognition, Indices and Ratings

## Award ABER JE

#BrilhaNeo, a livestreamed event in December 2020, received an ABER JE award in the Corporate Events category. The ABER JE Awards are the most prestigious awards for corporate communications in Brazil. The award program aims to promote and showcase the best corporate communications efforts and initiatives in the country.

## Cliente S.A. Awards

Neoenergia received a Silver award in the Best Customer Relationship Management Project category of the *Cliente SA 2021* awards, for a case study about the Neoenergia chatbot and creating new experiences for customers. This is the company's third consecutive *Cliente SA* award. In 2019 the company received a Gold award in the Visionary category for a case study titled "Customers are everything for us". In 2020, Neoenergia won an award for a case study on its Customer Experience Center.

Neoenergia was the grand winner of the 2021 Smart Case of the Year

## Smart Costumer

Award, for the same chatbot that won the *Cliente S.A.* award. The company received the top award in this year's edition, with its case study receiving the highest score in the event. The chatbot project also received a Gold award in the Customer Experience Automation category, making it the stand-out virtual agent project in the event. Neoenergia also won a Bronze award in the Digital Communication category for a case study titled "Open Discussion about Safety, Transparency and Empathy".

## ABRADEE Awards

Several Neoenergia distribution utilities received ABRADEE awards for operational performance. Neoenergia Elektro came 1st place in the Governance category and 2nd place in the Southeast. Neoenergia Cosern ranked 2nd for Social and Environmental Responsibility and Quality of Governance, and was well ranked in the Northeast. Neoenergia Pernambuco was 3rd for Quality of Governance.

## 100 Open Startups

Neoenergia was ranked Top 2 in the Renewable Energy category and Top 4 in the Energy category of the 100 Open Startups List, which recognizes organizations' engagement with startups. The list is based on market data collected in 2020, and recognizes Neoenergia's innovation efforts in collaboration with tech firms.

## Troféu Transparência

Neoenergia was among the top 10 companies with net revenue higher than R$ 8 million in the *Troféu Transparência* awards, one of the most prestigious accolades in Brazil for quality of financial statements. The awards are presented by the Brazilian Association of Finance, Management and Accounting Executives (ANEFAC), and are known in Brazil as the "financial reporting Oscars".

## Pró-Ética Mark

For the fourth consecutive year the company received a *Pró-Ética* 2021 Mark from the Federal Audit Court (Controladoria-Geral da União - CGU), which is awarded to companies that are engaged in fighting corruption and have effective integrity programs in place. Neoenergia Coelba, Neoenergia Pernambuco, Neoenergia Elektro and Neoenergia Cosern were also certified, demonstrating a group-wide commitment to effective anti-bribery management.

## ANEEL Ombudsman Award

Neoenergia Cosern ranked 3rd nationally and 1st in the Northeast in ANEEL's Quality of Supply List. Quality is measured on the basis of equivalent outage duration (EOD) and equivalent outage frequency (EOF).

## The Sustainability Yearbook

Neoenergia was ranked in the S&P Global ESG Annual list, which brings together organizations demonstrating outstanding environmental, social and governance (ESG) practices. More than 7,000 companies were assessed and the 15% best-ranked companies in each industry were included in the list. ESG reporting provides investors with a frame of reference by which to assess an organization's sustainability.

## ISE

### Corporate Sustainability Index

Neoenergia was again named to the 17th Corporate Sustainability Index (ISE B3) portfolio, for the period from January 3, 2022 to December 30, 2022. This is the company's second consecutive year as a constituent of the index, ranking 14th in the portfolio just two years and a half since its IPO. The index brings together 46 companies across 27 industries that are recognized as demonstrating best social, environmental and governance practices.

## FTSE4Good Index Series

Neoenergia was a constituent of the FTSE4Good Index Series for the second consecutive year. FTSE4Good is one of the foremost international sustainability indices, published by Financial Times Stock Exchange (FTSE) Russell, a division of the London Stock Exchange. This index selects publicly traded companies with recognized ESG (environmental, social and governance) practices based on stringent criteria that are assessed against 300 public indicators.

## CDP

Neoenergia received a score of A- for its first response to the CDP questionnaire, the world's most extensive climate change reporting system. In Brazil, 100 companies responded to the questionnaire in 2021, with only 14% receiving scores of A or A-. The CDP Climate questionnaire is used as a reference in evaluating stocks that are deemed sustainable and which contribute to fighting climate change. It is also factored in the selection of constituents of the ISE B3 Corporate Sustainability Index.

## ICO2

**B3 Carbon Efficient Index –** – Neoenergia was a constituent of the Brazilian stock exchange B3's Carbon Efficient Index (ICO2) during the three first quarters of 2021.

**Brazilian GHG Protocol Program** – Neoenergia was awarded Gold reporting status within the program for its 2020 greenhouse gas emissions inventory, which was independently audited and provided transparent information about the company's strategy to decarbonize the economy.

## Valor 1000

Neoenergia was among the top-ranked companies in business newspaper *Valor Econômico*'s Valor 1000 list 2021, in recognition of its performance in the previous year. Neoenergia ranked 25th among Brazil's largest companies, and 22nd in the Southeast. The company was also among the top 20 companies for net income, and ranked 12th for operating income and 16th for equity. Among companies in the power sector, Neoenergia ranked 7th in an overall assessment against eight financial performance criteria, and 2nd for net revenue. The company also took 1st place in its industry for sustainable growth.

# GOVERNANCE ASPECTS

|GRI 103-2, 103-3| SDG 12.6

Neoenergia Group's Corporate Governance Policy is based on transparency and equity, ensuring it achieves set goals in a way that is responsible, profitable and true to its purpose of building a healthier and more affordable power sector model.

The group's practices are designed to protect the rights of stakeholders in accordance with guidance issued by the Brazilian Institute for Corporate Governance (IBGC). This model creates synergy across Group companies and its parent company, unifies processes and drives gains a scale.

Neoenergia's governance structure guides its business activities in a way that creates shareholder value, is aligned with corporate guidelines, and supports the sustainable development of society. The company's governance structure comprises a Board of Directors, an Oversight Board and an Executive Board. The Board of Directors is supported by advisory committees that assist decision-making processes.

## CORPORATE GOVERNANCE SYSTEM

Neoenergia's corporate governance system is at the forefront of nationally and internationally recognized best practices, and in 2021 evolved further on ESG. The system has recently incorporated new practices, such as a new Sustainability Committee, that have strengthened the company's long-standing commitment, and has now been renamed as the Governance & Sustainability System.

The system comprises a set of rules and principles that govern the Group's organization, operation and relationships, in accordance with the Shareholders' Agreement and current legislation. Its primary aim is to ensure compliance with the company's Bylaws, which are binding on shareholders, and that its corporate purpose and interests are fulfilled.

Neoenergia's Bylaws establish essential elements of the governance system, which is developed by the Board of Directors in a process that is periodically reviewed for continuous improvement.

The company's corporate and governance structures and business model are based on decentralized decision-making processes. Neoenergia is responsible for corporate strategy and oversight, leaving the management of subsidiaries to their own governance bodies.

To improve transparency and management, Neoenergia, Neoenergia Coelba, Neoenergia Cosern, Neoenergia Pernambuco and Neoenergia Elektro have independent members on their boards of directors. Although Neoenergia Brasilia is a closely held company, it also has an independent board member like its other distribution subsidiaries. Other group companies are not required to have independent board members.

## OWNERSHIP |GRI 102-10|

In September 2021, pursuant to the company's Shareholders Agreement, Neoenergia and Previ agreed to the sale by Previ to Neoenergia of the following equity interests:

- 4,621,407 common shares and 1,385,110 class A preferred shares in Neoenergia Coelba, representing 2.29% of the company's total share capital;
- 1,854,848 common shares, 359,031 class A preferred shares and 382,135 class B preferred shares in Neoenergia Cosern, representing 1.54% of the company's total share capital; and
- 1,445,606 common shares in Afluente T, representing 2.29% of the company's total share capital.

In consideration for these equity interests, Neoenergia agreed to pay Previ a total amount of R$ 220,458,756.14, and individually R$ 181,435,919.23 for the Neoenergia Coelba shares; R$ 32,790,269.11 for the Neoenergia Cosern shares; and R$ 6,232,567.79 for the Afluente T shares.

These equity acquisitions were completed in October, with Previ consequently no longer being a shareholder of Neoenergia Coelba, Neoenergia Cosern and Afluente T.

## BOARD OF DIRECTORS (BOD)

The Board of Directors is responsible for setting Neoenergia's strategic direction and pursuing its business interests; establishing business guidelines, purpose and values; and nominating the members of the Management Committee and ensuring they operate efficiently. It is also responsible for approving and overseeing corporate policies and the Code of Ethics, in compliance with the principles of corporate governance, applicable regulations, risk limits and social and economic responsibility. |GRI 102-26|

The Board of Directors is composed of 19 members, including alternates, who were elected and/or reelected in an Extraordinary General Meeting (EGM) to serve until August 2023. Three members are independent and selected externally. One of the independent members, Isabel Garcia Tejerina, an independent member, submitted her resignation on December 15, 2021. She was replaced by Marina Freitas Gonçalves de Araújo Grossi in February 2022, also an independent full member. In the Board, 42.1% of members are between 30 and 50 years old and 57.9% are over 50 years old. The Chairman of the Board does not concurrently serve in an executive position at Neoenergia. The company's governance bodies, including the Board of Directors, are assessed annually by external auditors engaged for this purpose.

|GRI 102-22, 102-23, 102-28, 405-1| ■ SDG 5.1, 5.5 ■ SDG 8.5 ■ SDG 16.6, 16.7 ● PG 6

## OVERSIGHT BOARD

The Oversight Board is a permanent, independent body composed of nine members, including alternates, who are elected at the AGM for a one-year term. All members represent shareholders and none of them hold an executive position in the company. This Oversight Board meets to express its opinion on the annual management report and related statements and to review quarterly balance sheets and other financial statements prepared by the company from time to time.

## ADVISORY COMMITTEES

|GRI 102-18, 102-22| ■ SDG 5.5 ■ SDG 16.7

Neoenergia's Board of Directors is assisted by four advisory committees: Audit, Finance, Compensation and Succession, Related Parties and, since 2021, Sustainability. Each committee is composed of five directors and their respective alternates, except the Related Parties Committee, which is composed of three directors, of which two must be independent and one selected externally. Committee members are directors or their designees, and meet to discuss such matters as are raised by the Board.

Since 2019 the committees have included independent members, as a way to increase transparency. Within their scope, the committees are responsible for considering matters put forward and providing recommendations regarding most of the Board's decisions.

**Audit Committee** – Responsible for ensuring the Group's internal control and risk management systems are effective, overseeing the Internal Audit, which reports to this Committee, ensuring the independence of external auditors, supervising the preparation of financial statements, and monitoring the company's compliance system. The Audit Committee consists of three members, including two independent members, one of whom is the chairman, a financial expert. |GRI 102-30|

**Compensation & Succession Committee** – This committee exercises oversight of activities and decisions regarding the compensation and succession of Neoenergia's directors and other executives, evaluates and recommends performance reviews of the Executive Board, and proposes general human resources policies and strategies. The committee has four members.

**Finance Committee** – Advises on matters related to the Group's financial transactions, including the selection of financial service providers and guarantees to be provided by the company and its subsidiaries and affiliates, examining the impact of relevant financial matters that require additional analysis and/or details, and providing studies, analyses and recommendations as required by the Board of Directors. The Finance Committee is composed of five members, including one independent member, and four alternates.

**Related Parties Committee** – Advises on matters concerning related party transactions, including whether transactions are in the interests of the company and made on an arm's-length basis.

**Sustainability Committee** – The Sustainability Committee is a strategic body that advises the Board of Directors on embedding ESG aspects into Neoenergia's business strategy. Composed of four members, this committee is responsible for championing the company's sustainability agenda.

## EXECUTIVE BOARD

The Executive Board is responsible for implementing the company's strategic plan. It is made up of nine members (including the CEO) appointed by the Board of Directors for (renewable) three-year terms. Executive Board meetings are held weekly or whenever called by any member.

The resumes of all directors, members of the Advisory Committees and the Executive Committee are available *here*, on the company's website, on the Investor Relations page, in the Corporate Governance section.




# Risk Management

GRI 103-2, 103-3_201

Neoenergia's Corporate Risk Management function is responsible for identifying, evaluating, mitigating, monitoring and reporting the Group's main strategic risks. It reports to the Chief Financial and Investor Relations Officer.

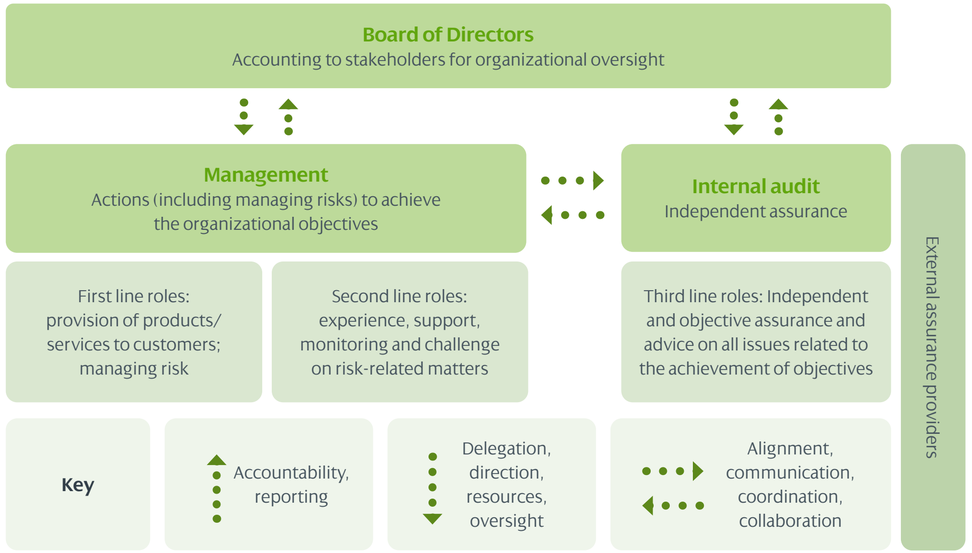
The risk management process aims to:

- Achieve the goals contained in the company's strategic plan with controlled risk
- Incorporate risk metrics into corporate objectives
- Preserve and generate financial results
- Protect the interests of shareholders, customers and other stakeholders
- Protect the Group's image and reputation
- Ensure stability, financial strength and sustainable development, while promoting operational efficiency
- In working toward these goals, Neoenergia observes the following basic principles:
- Incorporate a risk-opportunity vision into group management
- Segregate duties between risk-taking and risk management functions, ensuring an adequate level of independence
- Ensure risk hedging instruments and risk limits are used appropriately
- Strengthen the corporate governance structure
- As part of the risk management cycle, meetings are held between the risk function and the heads corporate and business functions to update risk maps and ensure compliance with policy guidelines and limits. The outcomes from this process are reported to the Executive Committee through business risk matrices and are included in the Audit Committee's half-yearly report.

Neoenergia's General Risk Management Policy comprises a set of policies and risk limits that are updated and approved annually by the Board of Directors. The current risk framework includes 16 different policies: general, financial, credit, operational, market, insurance, procurement, capital expenditure, IT, cybersecurity, reputational, treasury shares, occupational health and safety, networks, renewables and liberalized. Details on risks are provided in the company's reference form filing.

Neoenergia's approach to risk governance is based on the Three Lines of Defense model, which provides a comprehensive view of how the different parts of the organization interact in an effective and coordinated manner. In the first line of defense, business functions are responsible for managing specific risks, developing mitigation strategies and implementing controls. The second line comprises the Corporate Risk, Internal Controls and Compliance areas, which exercise various control and compliance supervision functions. This line of defense supports the first line in risk management and recommends adjustments, when necessary, working in an advisory capacity. The third line is the Internal Audit, which independently prepares reports and recommendations on controls.

A risk management culture is disseminated in the organization through training sessions and workshops about its policies, which in 2021 were also organized in a virtual format.




Based on the document "The IIA's Three Lines Model 2020. An update of the Three Lines of Defense"

# Cybersecurity and Data Privacy

GRI 103-2, 103-3_418

Neoenergia follows Iberdrola's global standards on and attaches great importance to managing cybersecurity risks that could compromise the achievement of the group's goals, the integrity of its assets and information, and the continuity of electricity supply, which is essential for its customers and for society. The company has stringent security policies in place and undergoes regular external audits that include an assessment of cybersecurity controls over its critical assets and systems.

The Corporate Security Division's Cybersecurity department establishes common requirements and guidance on risk assessment, classification, inventorying and secure management of the group's cyber infrastructure assets. These requirements are available in a Corporate Security Manual and in documents on the intranet accessible to all employees. To mitigate risks, Neoenergia has a Cybersecurity Risk Policy approved by the Board of Directors, and addresses cybersecurity from an early design stage in all new projects and processes.

The company also has a Cybersecurity Committee that is tasked with designing and ensuring proper implementation of its Cybersecurity Risk Policy and assessing and bolstering cybersecurity and personal data protection requirements and standards. In 2021, all remote connections to the corporate network were established using a dual authentication protocol to protect the network from unauthorized access.

The committee is also responsible for cultivating a solid cybersecurity and data protection culture organization-wide by raising awareness and providing training using approaches such as in-person meetings, email, fortnightly newsletters, training sessions, e-learning, seminars and other formats. The cyber security measures in place also extend to the protection of customer, supplier and other stakeholder data and mitigating the risk of fraud through social engineering attacks or the unauthorized use of Neoenergia's brand.

Neoenergia Cybersecurity Week is one example of the company's efforts to disseminate a cybersecurity culture. The core theme of this year's event was data protection, after Brazil's General Data Protection Regulation (BR GDPR) became effective in 2021.

Two seasons of training were provided on the platform to promote a corporate cybersecurity culture using a game-based approach. Employees participated in quizzes, tests, courses and videos, scoring points as they applied cybersecure practices. Employees were also encouraged to report risks and provide cybersecurity tips to colleagues. As another initiative, the company conducted phishing drills in which employees received fake emails containing suspicious links. If employees clicked the link they were automatically directed to a training course on how to prevent these risks.

**Employees trained on data protection**

## DATA PROTECTION

Neoenergia has a Data Protection Policy that has been approved by the Board of Directors and is compliant with the Brazilian General Data Protection Regulation (BR GDPR), helping to protect the data protection rights of all individuals interacting with the Group. In 2020 and 2021, the company developed and implemented a governance model for managing data protection to ensure systematic and consistent BR GDPR compliance. In 2021, Neoenergia implemented a plan to achieve compliance with the new regulations. Neoenergia Brasilia launched a BR GDPR compliance program in 2021 that is planned to be completed in 2022.

# Ethics and integrity

|GRI 103-2, 103-3_205_206_307_415_419|

Neoenergia are committed to designing its business strategy, carrying out its activities and making decisions in accordance with Brazilian laws, industry best practices, its Code of Ethics and internal rules. As a best practice, and to reaffirm the company's commitment to process integrity and fighting corruption, in 2021 Neoenergia's parent company revalidated its Anti-bribery Management System certification (ISO 37001), first obtained in 2019, and newly certified NC Energia. The main objective of this standard it to support an organization in the fight against bribery by embedding a culture of honesty, transparency and integrity at the core of its processes.

In addition to being recognized as the most transparent company in Brazil by Transparency International, Neoenergia received a *Pró-Ética* Mark from the Federal Audit Court (Controladoria-Geral da União (CGU)) for the fourth consecutive year, in the 2020-2021 edition. This time the company was also awarded the mark for four distribution utilities: Neoenergia Coelba, Neoenergia Elektro, Neoenergia Cosern and Neoenergia Pernambuco. Neoenergia integrated its newly acquired subsidiary, Neoenergia Brasilia, into the group's integrity program throughout 2021. This included the creation of a dedicated function tasked with managing integrity. ■ SDG 16.5

The company is committed to promoting ethical and legal compliance across the value chain. It takes a no-tolerance approach to all forms of corruption, kickbacks, bribery, money laundering and any other behavior that goes against the law and the principles of good corporate governance. And Neoenergia asks that its suppliers act with integrity and adopt the same principles. |GRI 102-16| ■ SDG 16.3 ● PG 10

Neoenergia is a member of Ethos Institute's Business Movement for Integrity, Transparency and Anti-Corruption, an initiative that seeks to engage business leaders, governments and civil society around the adoption of practices that prioritize transparency and the fight against corruption in the business environment and in public-private relationships. The company is also a member of the Anti-Corruption Platform of UN Global Compact Network Brazil, where it contributes to discussion on anti-corruption issues in Brazil. |GRI 102-12|

As part of its commitment to ethics, Neoenergia has joined the group of companies representing Brazil in the global Alliance for Integrity, a business-driven, multi-stakeholder initiative seeking to promote transparency and integrity in the private sector. In April, the company supported the 4th Global Conference in a campaign that brought together 60 partners across 12 countries to raise awareness about the adverse effects of corruption, emphasize the benefits of acting with integrity, and call on all players to act with responsibility.

## COMPLIANCE SYSTEM

Neoenergia's Compliance System comprises a set of substantive, formal procedures, initiatives and preventive measures to ensure that all company activities are performed in accordance with ethical principles and applicable legislation. The Compliance System is coordinated by the Compliance Unit, and its effectiveness is validated by senior management. Its activities—including planning, design, execution, maintenance and evaluation—are based on the pillars of prevention, detection and remediation, and on the three lines of defense, which contain the elements necessary for strategic integrity management.

The Compliance Unit, which reports to the Board of Directors through the Sustainability Committee (and via the Audit Committee for whistleblower reports involving financial fraud), has budgetary autonomy and operates independently. The Audit Committee submits an annual work plan to the Board and monitors the progress of the Compliance Unit's activities on a quarterly basis.

The Compliance Unit is responsible for promoting a culture of integrity within the organization, assessing corruption risks, evaluating suppliers, and investigating and monitoring violations of the company's rules of conduct, as well as providing clarification about the Code of Ethics and the correct interpretation of its provisions. It is supported by a Compliance Committee, which has an advisory role and has representatives from key areas of the organization. Consequence management and the application of disciplinary measures are the responsibility of the Human Resources department.

In 2021 the Compliance Unit implemented a compliance record-keeping system that collects information related to kinship among employees to identify potential conflicts of interest due to subordination; kinship with government officials, to assess risks related to politically exposed persons; external activities; and any legal claims which can affect employees' performance of their duties. The initiative was designed in compliance with requirements for certification to ISO 37001.

Since 2020, Neoenergia has provided online compliance training as well as subject matter-specific training such as antitrust compliance, ISO 37001, compliance issues involving joint ventures in which Neoenergia has an interest, HR compliance, and leadership interactions with government officials. Training on the Code of Ethics and integrity policies is available from a learning platform on the company's intranet. Annual refresher training on the Code Conduct was attended by 92% of employees. The company's target for 2022 is to have 100% of executives, department heads and managers trained on anti-corruption.

|GRI 205-2| ■ SDG 16.5 ● PG 10


### ANTI-CORRUPTION TRAINING – ONLINE PLATFORM

| Employee category[1] | 2019 | 2020[2] | 2021 |
|---|---|---|---|
| **Number of attendees** | | | |
| Direct leadership | n/a | 122 | 379 |
| Intermediate controls and qualified technicians | n/a | 4,375 | 3,062 |
| Support staff and teams | n/a | 9,581 | 10,714 |
| **Number of people trained** | | | |
| Direct leadership | n/a | 91 | 379 |
| Intermediate controls and qualified technicians | n/a | 3,043 | 3,062 |
| Support staff and teams | n/a | 8,997 | 10,714 |

[1] Direct leadership: directors, department heads and managers; Intermediate controls and qualified technicians: managers, leaders, specialists and analysts; Professionals and support staff: administrative, technical and operational personnel.
[2] 2020 data were reclassified due to the inclusion of managers in the "direct leadership" category.

n/a – Not available.

## SPONSORSHIP AND DONATIONS

Neoenergia's Sponsorship, Donations and Private Social Investment Manual provides employees with guidance on preventing actual, potential or perceived conflicts of interest or situations that can constitute money laundering, financing of unlawful activities, bribery, or any form of public or private corruption, and to reinforce the standards of ethics and integrity contained in its Code of Ethics.

Under the Manual, all requests for sponsorship and donations are made to the Institutional Committee, supported by information from the requesting department about the reasons for the initiative, using a dedicated form. Reputational and corruption risk due diligence is also conducted on all candidates for sponsored or private social investment projects or other potential recipients of donations, and on the suppliers involved. Due diligence assessments are conducted by the Compliance Unit.

## ANTI-CORRUPTION

Neoenergia's policies on Anti-Corruption & Fraud and Crime Prevention and its manuals on Donations, Sponsorship & Social Investment, on Receiving and Offering Gifts, Hospitality and Advantages, on Dealings with Government Officials and on Conflicts of Interest support its efforts to combat all forms of corruption, fraud, bribery, favoritism, influence peddling, extortion and kickbacks internally or in its interactions with suppliers, partners or government officials. Neoenergia's policies also detail rules and procedures that support SDG 16 (Peace, justice and strong institutions) by enforcing zero tolerance with regard to corruption and fraud of any kind and in any form. The company's Anti-Corruption & Fraud Policy is distributed to all company employees (including executives and Board members), who receive training to prevent misconduct.

Neoenergia is a member of the Global Compact Network Brazil's advisory board, where it supports joint anti-corruption initiatives; the company has subscribed to the anti-corruption manifesto of Instituto Ethos, which helps to implement policies that promote integrity and anti-corruption, as well as mobilizing companies and corporate organizations; and it is a member of the Ethos anti-corruption working group.

In the 2021 reporting period Neoenergia marked Anti-Corruption Week by organizing a live-streamed event with a guest speaker, as well as quizzes for employees, who won books about ethics and integrity as prizes.

Starting at registration, Neoenergia suppliers must agree to comply with the company's Code of Ethics and Anti-Corruption Policy; later, when contracts are formalized, they must include anti-corruption clauses to ensure compliance with these principles. In 2021, 79.31% of suppliers and service providers attended training on compliance. Any procurement agreement equal to or greater than R$ 6.5 million—including multiple contracts with the same supplier that exceed this amount in aggregate—undergoes compliance assessments to minimize risks. The same procedures apply to decentralized purchases and work orders for consulting, advisory, legal and representation services, market intelligence and advertising services, and sponsorship contracts, regardless of the amount.

In addition, as from 2021 all new suppliers registered for centralized and decentralized procurement (consulting, advisory, legal, representation, market intelligence and advertising services) have been entered into the Dow Jones Risk & Compliance tool and are now monitored on a daily basis on compliance aspects. Group companies do not make financial contributions or donations to political parties, politicians or people related to them, or to any partisan association or union. |GRI 415-1| ■ SDG 16.5 ● PG 10

## WHISTLEBLOWING HOTLINE

Neoenergia has an independent Whistleblowing Channel operated by a specialized firm, with all reports kept anonymous and confidential. Reports can be submitted 24/7 by email, via a toll-free number or on the company website. The contact details of the whistleblowing channel are provided on subsidiaries' websites, on the intranet, via communications initiatives, and during employee and contractor training. The channel is available to all Neoenergia employees, contractors and society in general.

Reports are managed and investigated by the Compliance Unit. When a report is submitted, the whistleblower is assigned a case number and a password. With these details, whistleblowers can track the status of their reports via the Ethics Hotline, on the internet or by phone. The Compliance team provides information about the status of report investigations and post-investigation feedback to whistleblowers via the Ethics Hotline. |GRI 102-17| ■ SDG 16.3 ● PG 10

In 2021, the channel received 1,111 reports, of which 350 were considered out of scope (issues unrelated to ethics and integrity) and 761 were accepted for investigation. Of these, 110 were considered unsubstantiated, 333 had insufficient information for investigation, 105 were substantiated or partly substantiated, and 213 were still being investigated at the end of the year. In the case of substantiated or partly substantiated reports, the company took the appropriate remedial action, either applying appropriate disciplinary measures (verbal or written warnings, suspensions and even termination in cases considered serious) or improving processes to avoid future incidents.

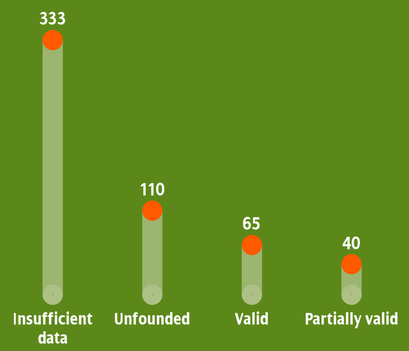

Of the reports received in the year, 86 were related to bribery and kickbacks in private dealings; of these, 61 were closed due to insufficient data, one was deemed unsubstantiated, 2 were deemed substantiated, 1 was deemed partly substantiated, and 21 were under investigation at the end of the year. The remaining reports were related to harassment, inappropriate conduct by suppliers or contractors, conflict of interest, misuse of funds, theft or fraud, extortion, and other matters. Since implementation in 2015, the whistleblowing channel has not received any report relating to corruption involving government officials or money laundering. |GRI 205-3| ■ SDG 16.5 ● PG 10

The Compliance Unit further reduced the time taken to conduct whistleblowing report investigations to 36 business days, by using tools to filter reports by type, company and risk, helping to fast-track the process.

Operations that deal with government officials—including the holding company distribution, generation, transmission and wholesale trading subsidiaries, as well as the Environment, Legal, People Management, External Communications, Procurement and Governance departments—follow Neoenergia's Standard on Dealings with Government Officials and undergo corruption risk assessments. The most recent assessment, in 2020, identified 33 risks, of which 4 were classified as high impact and low probability, 2 as high impact and moderate probability, and 2 as medium impact and moderate probability. In 2021, Neoenergia monitored the controls in place and assessed them for any gaps in relation to risks identified in 2020. |GRI 205-1| ■ SDG 16.5 ● PG 10

**REPORT INVESTIGATION TIME**
(IN BUSINESS DAYS)


**WHISTLEBLOWING CHANNEL**

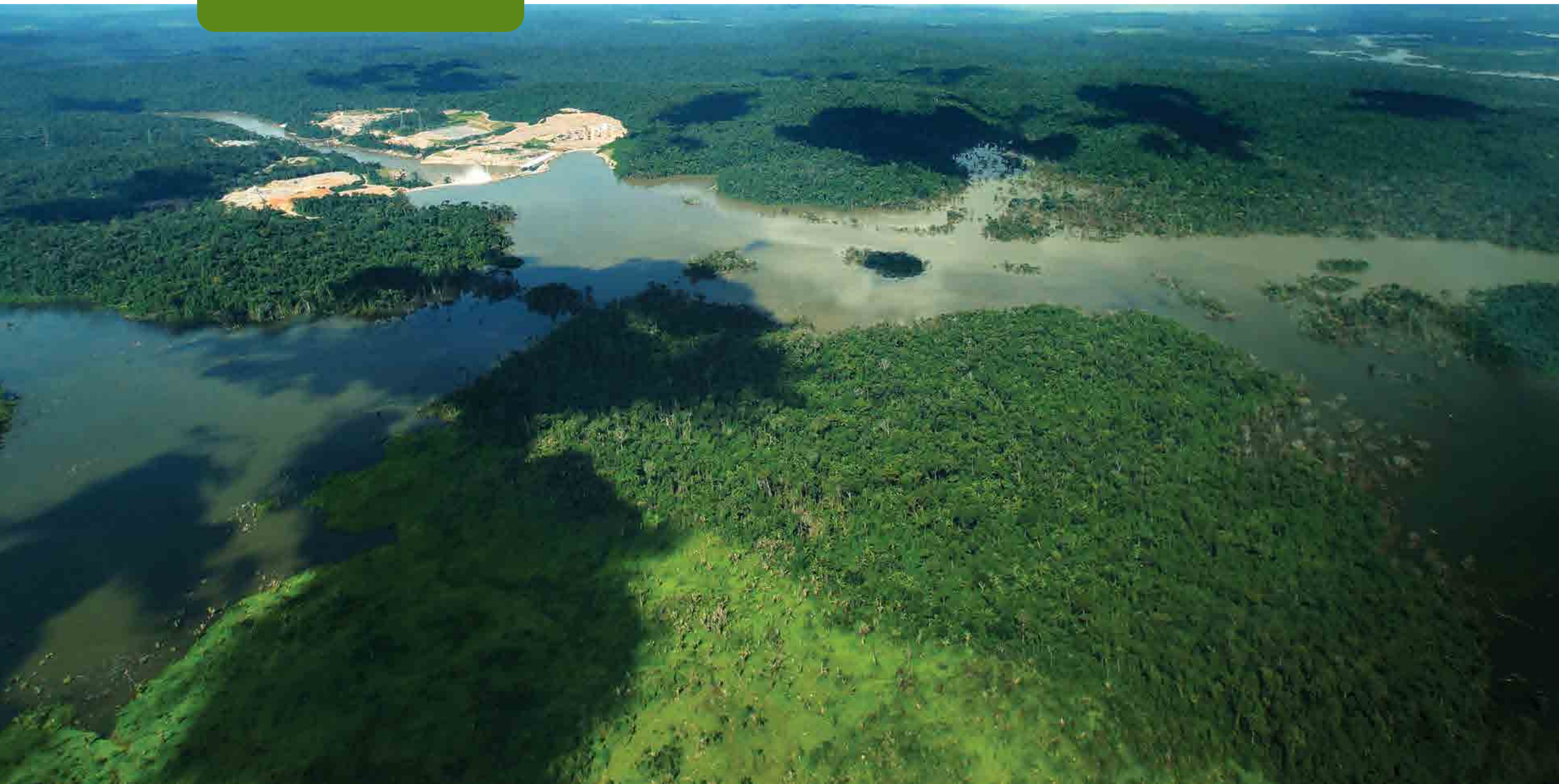



**CASES CLOSED BY DECEMBER**
**548**

10

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

# ENVIRONMENTAL ASPECTS



|GRI 103-2, 103-3|

Neoenergia works to continuously deliver on its commitment to sustainable development through initiatives that raise awareness about environmental preservation. The company's strategy is based on generating renewable electricity, building smarter grids, and providing solutions to consumers that support the energy transition.

As part of these efforts, and within its Governance & Sustainability System, Neoenergia has four specific policies on environmental management:

- Sustainable Management Policy;
- Environmental Policy;
- Climate Action Policy;
- Biodiversity Policy;

These policies underpin Neoenergia's Environmental Management System (EMS), which is based on the Iberdrola Group's global guidelines and forms a common environmental framework across Group companies but one that accommodates differences between businesses and regions. Another purpose of the EMS is to measure and evaluate environmental performance using a lifecycle approach. Through the EMS, these policies have been translated into the following core environmental guidelines:

- Protect the environment and contain the loss of biodiversity;
- Combat climate change and its effects;
- Guarantee sustainable modes of production and consumption;
- Strengthen alliances with stakeholders for sustainable development.

The EMS is based on ISO 14001 and enables the company to continuously improve its approach to managing resources and optimize environmental expenditure and investments. Currently Neoenergia's Networks, Renewables and Liberalized businesses are certified to ISO 14001 *(for details on these certifications, see the Disclosures Appendix)*.

Neoenergia works to drive innovation and eco-efficiency and consistently reduce environmental impacts from its operations based on the precautionary principle, through which it implements measures to minimize environmental risks. The company applies the mitigation hierarchy (avoid, minimize, remedy, and as a last resort, offset) in all projects. In its environmental impact assessments (EIA), the company considers project siting alternatives to avoid locating new infrastructure in protected areas or areas with a high biodiversity value. |GRI 102-11|

In addition, Neoenergia works to reduce air emissions and compiles greenhouse gas (GHG) emissions inventories which are assured by independent auditors and allow the company to monitor and achieve progress toward its target of achieving net zero carbon emissions by 2050.

Neoenergia's business is more than just about supplying sustainable electricity. Each of its hydropower plants has a number of environmental programs in place, including reforestation in surrounding areas to help preserve, maintain and expand local flora, and rehabilitation of headwater areas across Brazil's three main biomes (Amazon, Atlantic Forest and *Cerrado*). Most of these forest areas are at an advanced stage of conservation, while others are undergoing rehabilitation and/or reforestation. In Transmission, Neoenergia has a wildlife dispersal and retrieval program that helps to protect wild animals near the locations where group subsidiaries operate. (*For more about Biodiversity, see page 54*). The company also has a rainwater harvesting program that captures rainwater during the wet season, when it is abundant.

In addition to headwater conservation programs, Neoenergia's hydroelectric dams maintain almost 30,000 hectares of protected areas across Brazil's three main biomes (Amazon, Atlantic Forest and *Cerrado*). Most of these forest areas are at an advanced stage of conservation, while others are undergoing rehabilitation and/or reforestation.

These and other initiatives, which consumed R$ 4.9 billion[1] in environmental expenditure in 2021, are in line with Neoenergia's commitment to the SDGs, in particular SDG 7 (Clean and affordable energy) and SDG 13 (Climate action). They also directly support SDG 6 (Clean water and sanitation), SDG 9 (Industry, innovation and infrastructure), SDG 15 (Life on land) and SDG 17 (Partnerships for the goals).

**R$ 4.9 BILLION IN ENVIRONMENTAL EXPENDITURE IN 2021**

[1] 2021 data include investments in new renewable generation assets, based on the controlling group's reporting standards.

NEOENERGIA'S HYDROELECTRIC DAMS MAINTAIN NEARLY 30,000 HECTARES OF PROTECTED AREAS ACROSS BRAZIL'S THREE MAIN BIOMES

# Climate change

[GRI 103-2, 103-3_201_302_305] SASB IF-EU-110a.3

Neoenergia believes everyone has a role to play in combating climate change. For this reason, its business strategy has been designed to accelerate the energy transition toward net zero, by delivering clean, reliable and smart energy. The company sees the climate agenda as an opportunity to expand its portfolio, while also recognizing the need to create climate resilience both company-wide and individually within each business.

Neoenergia manages climate risks and opportunities in its portfolio in accordance with the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD), as described on page 40.

## COMMITMENTS

During the UN Climate Change Conference (COP 26) held in Glasgow, Scotland, in November 2021, Neoenergia signed the Business for Climate declaration drafted by the Brazilian Business Council for Sustainable Development (CEBDS), pledging to implement measures to reduce and offset greenhouse gas (GHG) emissions, establish internal carbon pricing, decarbonize the value chain, invest in green technologies, and set targets to become carbon-neutral by 2050.

In addition, the Iberdrola Group has set a $CO_2$ emissions reduction target that has been validated by the Science Based Targets initiative (SBTi), which champions science-based target setting as a way of boosting companies' competitive advantage in the transition to the low-carbon economy. By managing emissions from business and advancing decarbonization efforts, Neoenergia is supporting Iberdrola's commitment.

Neoenergia has compiled emissions inventories since 2019, all of which have been audited by and received Gold reporting status from the Brazilian GHG Protocol Program (*the inventory is presented on page 47 and further detailed on the Neoenergia website).*

In its Climate Action Policy, the company reiterates its commitment to reduce emissions intensity to lower than 50 grams of $CO_2$ per kWh by 2030 and reach net zero by 2050. From 2018 to 2020, the emissions intensity of its generation operations declined from 72.9 $gCO_2$/kWh to 53.3 $gCO_2$/kWh.

In 2021 emissions intensity rose to 60.9 $gCO_2$/kWh as an effect of increased dispatching of thermal power plants by the National Grid Operator (ONS) to address the water crisis. Neoenergia's Internal Carbon Pricing Program, described on page 42, supports the company in achieving its climate targets.

In 2021 Neoenergia participated in the Global Compact's Climate Ambition Accelerator program, which helps companies to design ambitious, science-based climate targets into their business strategies to support Sustainable Development Goal 13 (Climate Action) and commitments under the Paris Agreement.

Neoenergia is also a member of the Energy Compact, a UN initiative, and has set targets for carbon neutralization and universal access to clean and affordable electricity in Brazil.

Rio do Fogo Wind Farm

## TCFD

In line with the Iberdrola Group's global strategy and Climate Action Policy, which was last updated in 2021, Neoenergia has adopted the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) as basic principles for corporate management and reporting of non-financial indicators.

Neoenergia's adoption of these recommendations is reflected in its CDP Climate Questionnaire 2021, which it responded to comprehensively and publicly for the first time this year, and for which it received a leadership-level score of A-. Climate reporting communicates Neoenergia's approach to managing climate-related risks and opportunities in its day-to-day activities.

In managing climate risks, the company has developed innovative methodologies in collaboration with external partners—including the Climate Center at the Federal University of Rio de Janeiro (UFRJ), WayCarbon and Sitawi—to identify the level of exposure to corporate and business- and site-specific climate risks.

In 2022 Neoenergia will further implement the four core elements of the TCFD recommendations——Governance; Strategy; Risk Management; and Metrics and Targets—and will annually communicate progress to ensure its processes and their outcomes are increasingly transparent and aligned with industry expectations and best practices.

## CORE ELEMENTS OF THE TCFD RECOMMENDATIONS

| Governance | Strategy | Risk Management | Metrics and targets |
|---|---|---|---|
| Neoenergia's Board of Directors (BoD) sees climate change as a priority issue that needs to be embedded in decision-making. In 2021 the company created a Sustainability Committee as a permanent statutory advisory body linked to the BoD. Committee meetings are held with external representatives.<br><br>Neoenergia's Deputy CEO and Head of Innovation & Sustainability support the Executive Board and CEO in their presentations to the committees and to the BoD.<br><br>The Innovation & Sustainability function is responsible for policy initiatives, raising awareness, promoting climate adaptation and mitigation initiatives, and for other matters on the company's sustainability agenda. The TCFD methodology supports these activities including risk and opportunity management, measures to create climate resilience, and decarbonization of the production processes in Neoenergia's portfolio. | Neoenergia's focus is on advancing clean, safe and reliable energy and innovation. This is addressed not only as a risk factor, but also as an opportunity to grow the business while supporting jobs and livelihoods.<br><br>In its 2021 Investors Day event, Neoenergia reiterated its business strategy for electrifying the economy and decarbonizing the power sector by investing in digitization, smart customer solutions, expansion in wind and solar power, and transmission systems to transport wind and solar power output.<br><br>Several R&D projects are developing solutions and products and services supporting the decarbonization and electrification of Brazil' is economy, such as Green Corridor (*Corredor Verde*), an electric car-ready highway. | Neoenergia's Corporate Risk function is responsible for identifying, measuring, managing and controlling significant risks across all businesses within the Neoenergia Group. Some of these risks are related to global climate change.<br><br>Using the TCFD methodology, the Innovation & Sustainability function works with business and corporate departments to identify (physical and transition) climate risks and opportunities. This informs action plans for climate adaptation, and Neoenergia's investment strategy.<br><br>Final Investment Decisions (FIDs) on whether or not to proceed with new projects and developments are informed by a climate dossier. | Greenhouse gas emissions inventories: provide a baseline against which to monitor progress toward targets.<br><br>Internal Carbon Pricing (ICP) program: creates decarbonization roadmaps and identifies abatement costs.<br><br>Commitment to reducing emissions to achieve net zero by 2050.<br><br>Energy Compact Commitment. |
| CDP Questionnaire: sections C1.1, C1.2, C1.3 | CDP Questionnaire: sections C2.1, C2.2, C2.3, C2.4, C3.1 | CDP Questionnaire: sections C2.1, C2.2, C2.3 | CDP Questionnaire: sections C4.1, C4.2, C4.3, C5.1, C6.1, C6.2 |

## PRIMARY THREATS AND IMPACTS |GRI 201-2| ■ ODS 1.5 ■ SDG 13.1 ● PG 7

(Expected change in climate variables and degree of technology sensitivity)

| Events | Primary threats | Primary physical impacts |
|---|---|---|
| Chronic | Changes in average temperatures | Higher technical losses and reduced network flexibility |
| | | Reduced thermal power output and efficiency |
| | | Reduced solar panel efficiency/Changes in solar resource |
| | | Changes in wind resource |
| | Changes in average rainfall | Lower hydropower output |
| | | Water constraints in the generation process |
| | Rising sea levels | Risk of flooding at substations |
| | | Damage to equipment and infrastructure |
| External | Heat waves/fires | Reduced efficiency and power output. Steam turbines affected by water temperature |
| | | Higher technical losses. More frequent and intensive load peaks |
| | | Infrastructure damage due to increased fire risk and reduced efficiency |
| | Increased rainfall (flooding and landslides) | Potential physical damage to infrastructure |
| | | Sediment transport and damage to infrastructure |
| | Cyclones and extreme windstorms | Potential infrastructure damage/falling trees |
| | | Potential infrastructure damage/accessibility |
| | Droughts | Impacts on streamflow in the river basins hosting the company's hydroelectric dams |

Source: Developed by Neoenergia based on the "Scientific Basis for Global Warming" and IPCC and INPE projections.

## RISKS

Climate change is creating a wide range of risks that, for the most part, are not new to Neoenergia. These are addressed in Neoenergia's General Corporate Risk Management Policy—which was approved by the Board of Directors in 2017 and revised in May 2021—and continuously monitored.

Climate change is likely to exacerbate the risks the company already manages, increasing the sensitivity of its assets to the relevant climate events. Technological and geographic diversification supports adaptation to and mitigation of physical risks affecting Neoenergia—the company has assets spread across Brazil and a diverse range of generation, transmission and distribution businesses. The frequency of extreme or acute weather events is expected to increase in the coming years.

To improve its approach to assessing physical climate risks to its assets, in 2019 and 2020 Neoenergia worked with the Coppe Climate Center at the Federal University of Rio de Janeiro (UFRJ) to develop a methodology for assessing physical climate risks affecting Termopernambuco, a combined cycle natural gas turbine power plant.

The methodology has been calibrated internally and replicated to other pilot studies, covering all technologies currently deployed across the group and not only thermal power plants, including wind, hydro, transmission and distribution. The methodology is based on the analytical framework developed by the Intergovernmental Panel on Climate Change (IPCC) and related protections (the AR5 Climate Change report and emissions scenario RCP 8.5).

As a practical deliverable from the methodology, climate adaptation action plans have developed for each of the company's businesses, with inputs from site technicians and managers. Neoenergia is considering extending the use of the methodology to other sites, supporting corporate climate risk management in accordance with TCFD recommendations.

Using climate science, the company has identified two key chronic physical risks affecting the Neoenergia Group: rising average temperatures and changes in rainfall patterns and extreme variability in weather patterns. These risks can affect the performance of Termopernambuco as

## INTERNAL CARBON PRICING

A pioneering Internal Carbon Pricing (ICP) program is working to identify future initiatives with the potential to effectively support greenhouse gas (GHG) emissions reductions and the decarbonization of production processes in the company's portfolio.

In a collaboration with the Center for Sustainability Studies at Fundação Getúlio Vargas (FGVces), the project has identified initiatives such as tamper-proofing distribution systems to reduce non-technical losses, operational improvements in startup and shutdown procedures at Termopernambuco, fleet electrification, and investments in R&D and energy efficiency, all of which can help to reduce fossil fuel consumption and GHG emissions.

Through this project, the company is also preparing for a new regulatory framework under which carbon pricing will become mandatory—by assessing the impact of potential pricing scenarios on its operations.

The program includes a series of workshops to train employees in different business and corporate functions. The goal of this training is to incorporate pricing methodologies into the organization and employees knowledge assets. The program has now migrated into a permanent and continuous process. ICP pricing will be periodically revisited to account for developments in the company's innovation pipeline and newly implemented or prospective decarbonization initiatives that further reduce emissions.

well as the company's hydro, wind, transmission and distribution assets. Developing adaptation plans at the site level helps to minimize these effects and climate risks, as does geographic and portfolio diversification.

Energy transition risks are also monitored, such as mandatory implementation of carbon pricing in Brazil's power sector. Neoenergia is an advocate of carbon pricing as a tool to drive decarbonization globally. In an Internal Carbon Pricing Project, Neoenergia has simulated the potential impacts from different mandatory pricing scenarios on its business.

In 2026 the company's natural gas power plant, Termopernambuco, will be integrated into the National Grid under a new framework based on capacity auctions. Under this framework, the plant will be used to provide security of supply and will be dispatched only when required to supplement renewable sources.

### OPPORTUNITIES |GRI 201-2| ■ SDG 1.5 ■ SDG 13.1 ● PG 7

Energy transition scenarios developed by the International Energy Agency (IEA) point to a more rapid energy transition, driven by the electrification of transport and supported by better financial instruments and policies, more ambitious emission reduction goals, and above all greater electrification of energy consumption, improved infrastructure, greater efficiency, flexibility of the electricity system, and improved service quality. The growth vectors would leverage increased investment in renewables (with wind and solar predicted to account for 70% of generation capacity globally by the mid-century) and in transmission and distribution networks to accelerate the grid reinforcement and infrastructure improvement projects needed to ensure integration of the system and quality of supply.

Brazil is aligned with these global trends. The country's energy planning efforts support the goals and targets under the Paris Agreement, contributing to develop a cleaner matrix by further expanding future wind and solar capacity. Brazil's energy roadmap is targeting an 85% renewable electricity mix by 2030, with wind and solar accounting for 47% of capacity expansion over the ten-year period.

As a company focused on investments in decarbonization, decentralization and grid digitization, climate change presents a number of opportunities across Neoenergia's different businesses. In 2021 the company entered the large-scale solar generation segment while continuing to expand its onshore wind capacity, scouting for new offshore wind opportunities, and investing in grid digitization and electric mobility. Neoenergia has also signed memorandums of understanding (MOU) with the governments of Pernambuco and Ceará to develop green hydrogen.

## NEOENERGIA'S BOARD OF DIRECTORS SEES CLIMATE CHANGE AS A PRIORITY ISSUE THAT NEEDS TO BE EMBEDDED IN DECISION-MAKING

Teles Pires HPP

## INITIATIVES

An UN-Approved project at Neoenergia's Teles Pires Dam, extending from 2012 to 2025, illustrates the company's commitment to fighting climate change by offsetting GHG emissions using the Clean Development Mechanism (CDM) under the Kyoto Protocol, approved in 1997 during the 3rd Conference of the Parties to the United Nations Framework Convention on Climate Change, in Japan. Through this initiative, the electricity output from the project generates carbon credits (Certificates of Emission Reduction (CERs)).

The Teles Pires Dam generated 4.9 million tons of carbon equivalent in credits in 2021, deriving from the renewable electricity generated by the plant from 2017 to 2018. The credits were traded in 2021 with Urca Comercializadora de Energia, jointly with Imetame Termelétrica, and with companies in the Netherlands and India.

Another decarbonization initiative is *Corredor Verde*, the first electric vehicle-ready highway in the Northeast. A total of 18 charging stations have been installed along the 1,100 kilometer distance between Salvador (BA) and Natal (RN).

On another front, the company's *Energia do Futuro* ("Energy of the Future") program installed 75,000 new meters in São Paulo State, in an initiative that is also developing the first private 4G network in Latin America. Digitization is a core pillar in the decarbonization of the power sector, which will need to orchestrate a more complex distribution system with the continued uptake of new renewables such as wind and solar.

## CARBON NEUTRALITY LEVERS

Two factors in particular support the company's net zero strategy:

**Communicating climate risks and opportunities** – Neoenergia is one of the 100 Brazilian companies responding to the Carbon Disclosure Project (CDP) questionnaire—the company received a leadership-level score of A- for its very first questionnaire. In 2021 Neoenergia implemented the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) in its decision-making and risk analysis, management and reporting processes, especially for long-term risks.

**Well-structured, crosscutting governance** – Neoenergia's Board of Directors sees climate change as a priority issue that needs to be embedded in decision-making. The Innovation & Sustainability function is responsible for overseeing the planning and implementation of Neoenergia's climate agenda. It works to strengthen the company's internal culture through discussions and projects across the different areas of the business, helping to ensure employee engagement in and support for mitigation and adaptation initiatives. Strategic decisions are referred to the Sustainability Committee, a permanent advisory body linked to the Board of Directors. Neoenergia's Corporate Risk function is responsible for identifying, measuring, managing and controlling significant risks across all businesses within the Neoenergia Group, including risks caused by global climate change.

The Iberdrola Group's climate initiatives, including those at Neoenergia, are detailed in *Iberdrola´s Climate Action Plan*, published October 2021 and available *here*.

# NORONHA SUSTAINABLE ELECTRICITY PROGRAM

The Noronha Sustainable Electricity Program comprises a set of initiatives across electric mobility, innovation and renewables expansion. The program is currently implementing renewable generation solutions to support the preservation of the Fernando de Noronha archipelago. Launched in August, the program has established an international collaboration with the Massachusetts Institute of Technology (MIT). MIT has initiated studies to develop feasible renewable generation capacity on the island.

Some of the initiatives within the program are being implemented under a cooperation agreement between Neoenergia Pernambuco and the state government to develop and deliver greenhouse gas reduction initiatives as part of the state's climate change program. State Decree no. 16 810/20 establishes that all fossil fueled vehicles on the island must be replaced by electric vehicles by 2030.

The initiative aims to mainstream electric mobility as a way of mitigating emissions in the archipelago and supporting decarbonization. MIT will also assess the technical feasibility of business models using electric vehicles in an island ecosystem.

To provide charging infrastructure for these vehicles, two new photovoltaic solar farms will be built on the island with a total capacity of 100 kilowatts peak (kWp), as well as associated battery banks. The power output from the two solar farms will be enough to charge not only the vehicles within the project but also other third-party electric vehicles. Neoenergia will also promote the use of electric bicycles by residents and tourists visiting the island.

In another initiative within the program, the entire public lighting system on Noronha is being retrofitted with 450 energy-efficient light bulbs. Neoenergia will replace the current sodium vapor lamps with LED lamps that improve street lighting and will generate annual public lighting savings of 76.5 MWh (megawatt-hours), and cost savings of 40%.

# CLIMATE CHANGE RISKS AND OPPORTUNITIES

GRI 201-2 | SDG 1.5 | SDG 13.1 | PG 7

## OPPORTUNITIES

### REGULATORY ASPECTS

- Improved competitive advantage
- Renewable sources
- Energy Efficiency
- Emissions limits

READ MORE

### PHYSICAL ASPECTS

- Investor activities
- Investment in renewables
- Smart grids and digitization
- Revenue
- Climate risk management

READ MORE

### OTHER ASPECTS

- Green Recovery
- New services and markets
- Reputation
- Alternative energy

READ MORE

## RISKS

### REGULATORY ASPECTS

- Carbon pricing
- Reduced consumption

READ MORE

### PHYSICAL ASPECTS

- System maintenance costs
- Reduced hydropower output
- Environmental impact
- Reservoir levels
- Multiple reservoir uses

READ MORE

### OTHER ASPECTS

- Reduced consumption
- Businesses
- Regulated & Institutional Environment

READ MORE

# ENERGY

Fossil fuel energy consumption by the company's operations totaled 23,987,769 gigajoules (GJ), with 97.6% consisting of natural gas used by Termopernambuco for power generation. The 31.1% increase compared to 2020 essentially reflects a 24% expansion of thermal generation during the period, with the National Grid Operator (ONS) dispatching thermal power plants for an extended period of time in response to the water crisis.

Diesel consumption fell by 22.6% and gasoline consumption by 39.9% as a result of switching the company's light vehicle fleet from gasoline to lower-emission ethanol. Consumption of ethanol, a renewable fuel, rose by 131.4%. The energy intensity of Neoenergia's generation assets was 1,548 GJ per GWh generated, compared to 1,192 GJ/GWh in 2020. *Detailed data on energy consumption is provided in the Disclosures appendix.* |GRI 302-3|

Termopernambuco is the second largest combined-cycle thermal power plant in Brazil's Northeast, producing 25% of the electricity consumed in the state of Pernambuco. It also has the lowest Variable Unit Cost (CVU) in the region, and one of the lowest in Brazil. This has enabled the plant to contribute to security of supply in the national power grid at competitive prices.

## ENERGY CONSUMPTION WITHIN THE ORGANIZATION (GJ)

|GRI 302-1| SDG 7.2, 7.3 SDG 8.4 SDG 12.2 SDG 13.1, PG7, PG8

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| **FUEL BY TYPE** | | | |
| Natural gas | 25,198,550 | 17,681,590 | 23,420,340 |
| Diesel | 567,283 | 519,534 | 402,354 |
| Gasoline | 35,767 | 41,820 | 25,139 |
| Ethanol | 45,832 | 51,654 | 119,505 |
| CNG | 519 | 107 | 0 |
| **Total fuel** | **25,847,952** | **18,294,705** | **23,987,769** |
| **Purchased electricity** | | | |
| Buildings | 244,181 | 157,165 | 57,567 |
| Standby and pumping | 57,737 | 78,583 | 60,076 |
| Total purchased electricity | 301,917 | 235,748 | 117,643 |
| **Electricity sold** | | | |
| Non-renewable energy sold [1] | 14,350,518 | 19,230,192 | 11,594,277 |
| **Total energy consumption within the organization [2]** | **26,149,870** | **18,530,452** | **12,447,762** |

[1] In 2021 the calculation criteria were modified for consistency with parent group standards, with this item now including only non-renewable energy sold that has been produced by group generation businesses.

[2] In 2021 the calculation criteria were modified for consistency with parent group standards, as follows: Energy consumption within the organization = Fuel consumption + Purchased electricity - Non-renewable energy sold - Steam sold.

## REDUCTION OF ENERGY CONSUMPTION (GJ) |

GRI 302-4 SDG 7.3 SDG 8.4 SDG 12.2 SDG 13.1, PG8, PG9, SASB IF-EU-420a.3

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| **FUEL BY TYPE** | | | |
| Natural gas | n/a | -7,516,960 | 5,738,750 |
| Diesel | n/a | -47,749 | -117,180 |
| Gasoline | n/a | 6,053 | -16,681 |
| Ethanol | n/a | 5,822 | 67,851 |
| CNG | n/a | -412 | -107 |
| **Total fuel** | **n/a** | **-7,553,247** | **5,693,064** |
| **Purchased electricity** | | | |
| Buildings | n/a | -87,016 | -99,598 |
| Standby and pumping | n/a | 20,846 | -18,507 |
| Total purchased electricity | n/a | -66,169 | -118,105 |
| **Electricity sold** | | | |
| Non-renewable energy sold [1] | n/a | 4,879,674 | -7,635,915 |
| **Total reduction of energy consumption** | **n/a** | **-7,619,418** | **-6,170,017** |

# EMISSIONS

|GRI 103-2,103-3_305| SASB IF-EU-110a.3

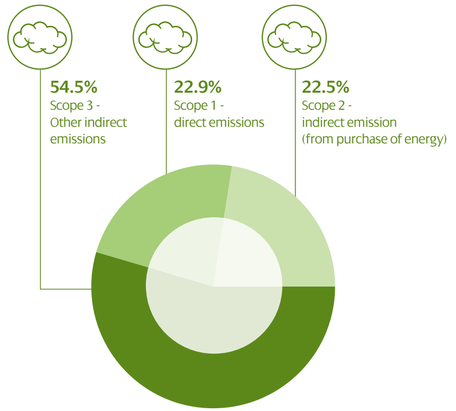
Apart of its efforts on climate change, Neoenergia annually publishes greenhouse gas (GHG) emissions inventories that are assured by independent auditors. Inventories are compiled in accordance with the Brazilian GHG Protocol Program guidelines and cover all operational sites across the entire power-sector value chain: Renewables (wind and hydro), Liberalized (thermal power) and Networks (Transmission & Distribution). The inventory is available for viewing on the Neoenergia *website*. Neoenergia's inventory received Gold reporting status from the Brazilian GHG Protocol Program and covers group activities throughout 2021.

In 2021, direct scope 1 emissions were 986,065 metric tons of $CO_2$ equivalent ($tCO_2e$), with emissions from generation accounting for 92% of total Scope 1 emissions. From 2017 to 2021, Neoenergia's emissions intensity declined from 128 $gCO_2$/kWh to 60.9 $gCO_2$/kWh. The company has set a target to reduce emissions intensity to lower than 50 $gCO_2$/kWh by 2030, and to reach net zero by 2050. |GRI 305-4| ■ SDG 13.1 ■ SDG 14.3 ■ SDG 15.2 ● PG7 ● PG8

The emissions intensity of Neoenergia's generation assets increased from 53.3 $gCO_2$/kWh in 2020 to 60.9 $gCO_2$/kWh in 2021, reflecting the extended drought in Brazil and demand growth throughout 2021, which required the National Grid Operator to dispatch more output from thermal power plants, including Termopernambuco. Meanwhile, the company's installed capacity expanded from 4,086 MW in 2020 to 4,547 MW in 2021, with the expansion consisting entirely of renewable assets, further delivering on its commitment to fighting climate change. All greenfield generation assets and installed capacity expansions are renewable.

## GREENHOUSE GAS EMISSIONS

|GRI 305-1, 305-2, 305-3| ■ SDG 3.9 ■ SDG 12.4 ■ SDG 13.1 ■ SDG 14.3 ■ SDG 15.2 ● PG7 ● PG8 – SASB IF-EU-110a.1, IF-EU-110a.2




## CLEAN ENERGY REDUCES EMISSIONS

Currently 88.3% of Neoenergia's installed capacity is renewable and the company expects to reach 90% in 2022 with the completion of the Oitis wind cluster (Piauí and Bahia) and the Luzia solar farms (Paraíba). Neoenergia's commitment to drive growth in renewable energy is reflected in the strong pace of construction of its new plants and the completion ahead of schedule of its Chafariz project.

The electricity generated by its solar farms in 2022, when they will start commercial operation, will avoid as much as 18,485 metric tons of $CO_2$e per year and 554,560 metric tons of $CO_2$e over a period of 30 years. The Oitis wind cluster, due to come online in 2023, will avoid an estimated 1.2 million metric tons of $CO_2$ emissions over a period of 20 years.

## GHG EMISSIONS INTENSITY[1]

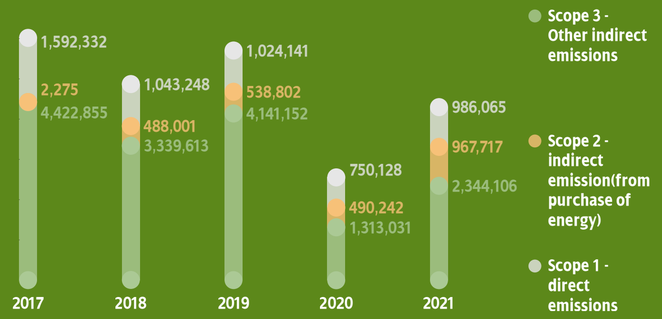
|GRI 305-4| ■ SDG 3.9 ■ SDG 13.1 ■ SDG 14.3 ■ SDG 15.2, ● PG7 ● PG8

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Direct GHG emissions ($tCO_2e$) [2] | 1,024,141 | 750,128 | 986,065 |
| Generation output (GWh) | 14,007 | 13,122 | 15,512 |
| Emissions intensity ($gCO_2$/kWh generated) [2] | 73.2 | 53,3 | 60.9 |

[1] Data subject to restatement following publication of the GHG emissions inventory.
[2] Data revised in 2020. |GRI 102-48|

## GREENHOUSE GAS EMISSIONS ($tCO_2e$)

|GRI 305-1, 305-2,305-3| ■ SDG 3.9 ■ SDG 12.4 ■ SDG 13.1 ■ SDG 14.3 ■ SDG 15.2 ● PG7 ● PG8 – SASB IF-EU-110a.1, IF-EU-110a.2



# Energy efficiency

|GRI 103-2, 103-3_203, 302, ex-EU7| SDG 7.3 SDG 8.4 SDG 12.2 SDG 13.1

Neoenergia promotes conscientious, efficient and safe use of electricity through an Energy Efficiency Program regulated by the Brazilian power sector regulator, ANEEL. The program works to achieve electricity savings through a wide range of initiatives across different fronts and consumer segments.

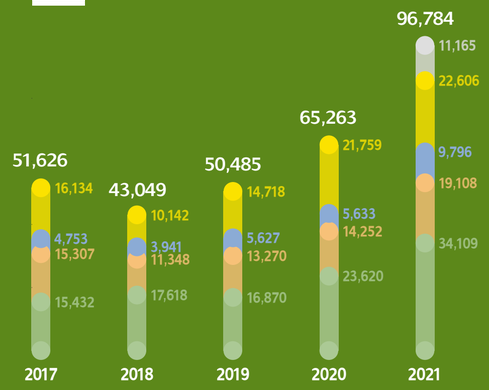
The company's Energy Efficiency Program has been developed under Law no. 9991 ( July 24, 2000), which requires that electricity distribution utilities allocate a percentage of their net operating revenue (NOR) to these types of programs. The program directly supports SDG 7 – Affordable and clean energy.

Neoenergia Group distribution utilities annually allocate 0.28% of NOR to activities that promote the development and deployment of new technologies, helping to drive electricity savings and changes in habits toward conscientious consumption, especially among low-income consumers. This group is the most benefited by projects to replace incandescent and fluorescent light bulbs with LED units. Educational activities supplement the program, providing training to teachers and students on preventing electricity waste and increasing energy efficiency.

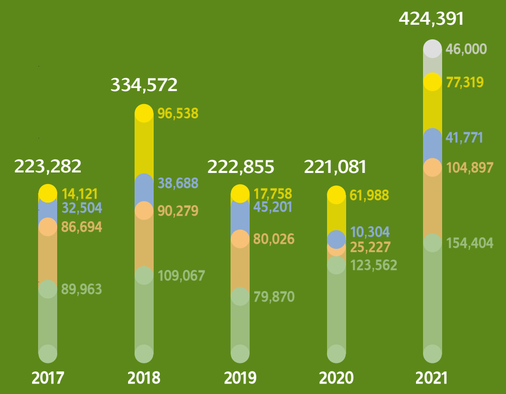
Energy efficiency program investments totaled R$ 96.8 million in 2021, a significant year-on-year increase of 48.34% reflecting the start of operation of Neoenergia Brasilia, which the company acquired toward the end of 2020. These programs benefited 424,391 customers with total electricity savings of 76,610 MWh/year, equivalent to the consumption of 32,000 homes consuming an average of 200 kWh per month. |GRI 302-5|

Since 2008, R$ 736 million has been invested across more than 300 energy efficiency projects, with more than half of this amount invested in initiatives benefiting low-income consumers. The replacement of more than 9.88 million light bulbs and other activities resulted in a 957 GWh/year reduction in energy consumption, equivalent to the annual use of 400,000 homes. |GRI 302-5| SDG 7.2, 7.3 SDG 8.4 SDG 12.2 SDG 13.1 PG7 PG8

**ENERGY EFFICIENCY INVESTMENTS** (R$ thousand)

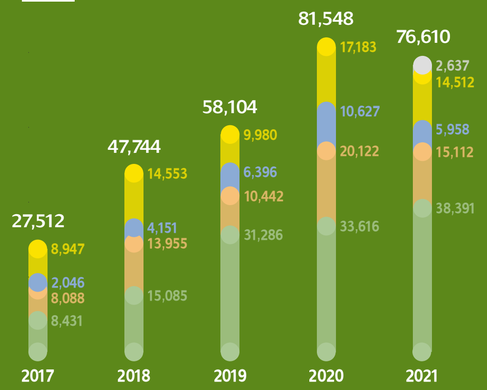



**CUSTOMERS BENEFITED** (number)

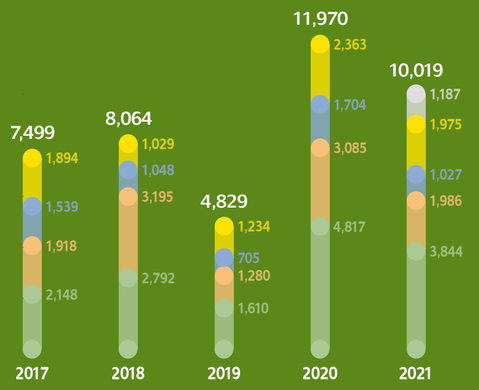



**ELECTRICITY SAVINGS** (MWh/year) |GRI 302-5|

SDG 7.2, 7.3 SDG 8.4 SDG 12.2 SDG 13.1 PG7 PG8




**REDUCTION OF PEAK DEMAND** (kW)




Neoenergia Coelba Neoenergia Pernambuco Neoenergia Cosern Neoenergia Elektro Neoenergia Brasilia

## MONITORING CONSUMPTION

n 2021, Neoenergia's distribution utilities collaborated in the development of a tool for real-time monitoring of a home's power consumption either by room or by type of device, supporting conscientious consumption and power savings. The platform was developed by a startup in Campina Grande (Paraíba), Northeastern Brazil, as part of a project selected in the company's *Nova Energia* challenge, which identifies innovative energy efficiency solutions across three fronts: electricity savings, distributed generation and new education technology.

The company also launched a new app that gives customers user--friendly access to the publications generated by its distribution utilities' energy efficiency programs. The tool provides a one-stop source for informational and educational content about energy efficiency, including monthly newsletters, manuals and leaflets, for both adult and child audiences. Using a game-based approach to teach energy efficiency and electric safety, Neoenergia's *Jogo da Energia* boardgame provides useful tips about saving and using electricity safely. The game is available *here*.

In 2021 Neoenergia issued a new public call for proposals for energy efficiency projects at its distribution utilities, with R$ 56.3 million in grant funding. Project proposals are invited in the areas of micro and mini-solar generation, solar water heating, general lighting, street lighting, drive systems and HVAC. Selected initiatives will be implemented throughout 2022.

# RESIDENTIAL SEGMENT

Projects in this segment include replacement of inefficient equipment, support for recycling and installation of solar panels.

## ENERGIA COM CIDADANIA AND ENERGIA COMUNITÁRIA

These initiatives replace inefficient light bulbs with LED units, which are more energy-efficient and durable. Touring units (truck trailers parked at strategic locations or vehicles going door to door) visit low-income communities in Bahia, Pernambuco, Rio Grande do Norte, São Paulo and Mato Grosso do Sul. In addition to new light bulbs, beneficiaries receive copies of Neoenergia's Conscientious Consumption Manual. The program also organizes civic initiatives in partnership with government agencies, such as birth certificates, paternity recognition and divorces.

Both programs also run energy efficiency initiatives at public schools, health clinics and nonprofit organizations. The programs were put on hold for several months in 2020 due to the pandemic, but resumed their activities in 2020 and continued uninterrupted in 2021. To assist in the COVID-19 vaccination rollout at public healthcare providers, the program replaced old refrigerators with new scientific refrigerators for storing vaccines. From February to December 2021, Neoenergia delivered 995 vaccine chambers to 965 municipalities in the five states hosting its distribution service areas.

The equipment will continue to benefit healthcare providers throughout their useful life, providing adequate storage of all vaccines within the National Vaccination Program (PNI). These healthcare providers previously stored vaccines in regular household refrigerators and freezers, and purchasing new purpose-specific equipment would result in an added load and, consequently, electricity costs. This was avoided by replacing two old refrigerators with one new one. The program involved a total investment of R$ 9.3 million.

Program outcomes in 2021 included: 911,000 inefficient light bulbs replaced, including 711,000 in the homes of low-income customers and 200,000 in 1,671 government or nonprofit organizations, generating electricity savings of 7.2 GWh/year.

| *ENERGIA COM CIDADANIA & ENERGIA COMUNITÁRIA*[1] | Neoenergia consolidated | | | Neoenergia Coelba | | | Neoenergia Pernambuco | | | Neoenergia Cosern | | | Neoenergia Elektro | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| Home lighting retrofits | 420,620 | 232,929 | 628,408 | 134,642 | 85,035 | 194,626 | 138,623 | 68,873 | 149,978 | 67,821 | 31,730 | 83,944 | 79,534 | 47,291 | 199,860 |
| Communities served | 228 | 387 | 823 | 61 | 97 | 175 | 101 | 62 | 240 | 46 | 30 | 102 | 20 | 198 | 306 |
| Government/non-profit lighting retrofits | 197,732 | 140,482 | 200,522 | 47,289 | 19,355 | 42,777 | 56,151 | 46,455 | 49,521 | 28,890 | 19,561 | 45,734 | 65,402 | 55,485 | 62,490 |
| Organizations served | 862 | 714 | 1,671 | 263 | 107 | 213 | 169 | 117 | 221 | 72 | 102 | 676 | 358 | 388 | 561 |

[1] No initiatives within these programs were developed at Neoenergia Brasilia in 2021.

## CEB AGENTS

this program, a team of agents goes door to door in low-income communities in Neoenergia Brasilia's service areas to provide electricity savings advice to customers. They also organize social and educational seminars about home electricity savings and electrical safety. As part of the initiative, Neoenergia replaces inefficient equipment with PROCEL efficiency-rated models, and incandescent light bulbs or compact fluorescent lamps with certified LED light bulbs. In 2021 the program replaced 2,581 refrigerators and 82,609 light bulbs at 18,545 low-income homes, delivering electricity savings of approximately 1 GWh/year.

## *VALE LUZ*

Neoenergia encourages recycling among consumers through programs such as *Vale Luz*, an initiative in which customers can trade in recyclable materials for discounts on their electricity bills. The collected materials are delivered to waste picker cooperatives and environmentally compliant recycling companies. Customers can turn in their recyclable materials at fixed and touring collection stations. In 2021, the initiative collected 1,099.6 metric tons of waste and awarded R$ 459,300 in discounts to 8,826 customers.

## *NEOENERGIA SOLAR*

*Neoenergia Solar* offers a 50% discount on solar panels for residential customers looking to generate part of the electricity they use on-site. In 2021, 697 residential customers received this discount from Neoenergia Coelba, Neoenergia Pernambuco and Neoenergia Elektro. A total of 697 solar panel systems were installed in Bahia, Pernambuco and São Paulo. Together, these systems have an installed capacity of 2.8 MWp and generate at least 3.9 GWh per year.

## GREEN IPTU

In partnership with the City of Salvador, the Sustainable Certification Program aims to encourage residential, commercial, mixed and institutional real estate developments to adopt sustainable and energy-efficient practices in their buildings. Developments receive a score based on a manual provided by the municipal government, and exchange it for a discount of up to 10% on their property tax (IPTU). The developments are reassessed every three years.

# PUBLIC BUILDINGS

[GRI 203-1] ■ SDG 5.4 ■ SDG 9.1, 9.4 ■ SDG 11.2

Neoenergia distribution utilities invested R$ 30.3 million in 2021 in photovoltaic solar panels, replacement of light bulbs and new air conditioning systems in public buildings within their service areas, contributing to energy savings as well as greater safety and comfort for building users. One of the standout projects in the year was the installation of a solar farm at ANEEL's headquarters in Brasilia.

Part of the investment was allocated to public lighting retrofit projects in 13 cities, replacing 9,000 streetlights with LED technology. Paulista, in the Recife Metropolitan Area (PE), became the first city in Brazil's northeast to implement the Federal Government's pilot project *Em Frente Brasil*, which aims to reduce violent crime rates in urban centers. A total of 2,000 streetlights were replaced in two of the city's neighborhoods, Janga and Maranguape II. In Itaberaba, a city in Bahia near the Chapada Diamantina National Park, a retrofit of 276 streetlights early in the year generated cost savings of up to 60%.

| | Neoenergia consolidated | | | Neoenergia Coelba | | | Neoenergia Pernambuco | | | Neoenergia Cosern | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***VALE LUZ*** | **2019** | **2020** | **2021** | **2019** | **2020** | **2021** | **2019** | **2020** | **2021** | **2019** | **2020** | **2021** |
| Volume of waste (t) | 990.6 | 419.5 | 1,099.6 | 551.6 | 226.3 | 601.6 | 231.3 | 104.1 | 290.8 | 207.7 | 89.1 | 207.2 |
| Number of customers | 14,158 | 5,388 | 8,626 | 7,065 | 3,399 | 5,930 | 1,704 | 656 | 1,670 | 5,389 | 1,333 | 1,026 |
| Light bulbs replaced | N.A. | N.A. | 136,970 | N.A. | N.A. | 88,829 | N.A. | N.A. | 19,541 | N.A. | N.A. | 28,600 |
| Discounts on invoices (R$ thousand) | 246.0 | 107.0 | 459.3 | 128.0 | 54.0 | 294.1 | 54.0 | 28.0 | 115.4 | 64.0 | 24.0 | 49.8 |
| Electricity savings (MWh/year) | 29,529.1 | 18,909.5 | 23,207.1 | 22,437.6 | 9,454.8 | 20,043.1 | 4,145.1 | 5,672.9 | 1,799.1 | 2,946.4 | 3,781.9 | 1,364.9 |
| Peak shaving (kW) | 561.2 | 326.8 | 435.76 | 280.0 | 163.4 | 217.88 | 172.9 | 98.1 | 130.73 | 108.3 | 65.4 | 87.15 |
| Investment (R$ thousand) | 4,015.2 | 2,668.2 | 5,584.5 | 2,301.3 | 1,491.5 | 3,183.9 | 1,126.8 | 658.6 | 1,366.0 | 587.1 | 518.1 | 1,034.5 |

N.A. - Not applicable.



Neoenergia's sanitation system efficiency project has replaced 421 light bulbs and 85 reflectors to date, in addition to nine motors and raw water intake pumps and ancillary starting equipment, helping to reduce municipal energy consumption in the five states hosting the company's distribution service areas.

In public buildings, in addition to replacing 262,000 light bulbs/reflectors at 1,225 sites in Bahia, Pernambuco, Rio Grande do Norte, São Paulo and the Federal District, Neoenergia's distribution utilities have installed photovoltaic panels at public health care and education facilities, totaling 18 systems with an aggregate installed capacity of 1.2 MWp. Hospital da Mulher, a woman's hospital in Recife, within the service area of Neoenergia Pernambuco, was fitted with a system with an installed capacity of 320kWp, creating energy savings of 536.7 MWh and cost savings of R$ 240,000 per year.

In addition to delivering energy savings at municipal, state and federal public buildings, these initiatives benefit the power grid by reducing peak demand.

## RETAIL AND INDUSTRY

Neoenergia invested R$ 3.6 million in initiatives to reduce the energy consumption of industrial and retail customers by retrofitting motors and lighting equipment, improving HVAC efficiency, and installing on-site photovoltaic and/or water heating systems. A total of 169 retail and 2 industrial customers were benefited with 26,566 replaced light bulbs/reflectors, 28 motors and five photovoltaic systems with a total installed capacity of 762.68 kWp.

The photovoltaic systems were installed at Santa Casa de São João da Boa Vista, a hospital in São Paulo; at the Brasilia Marina and at three locations in Bahia (Obras Sociais Irmã Dulce, a charity in Simões Filho, Hospital Alayde and the São Gabriel Homeless Shelter). These initiatives generated 7.9 MWh in electricity savings in retail buildings and 1.1 MWh in industrial facilities.

## SAFE AND EFFICIENT ELECTRICITY USE

|GRI ex-EU24| ■ SDG 1.4 ■ SDG 7.1

The following were some of the key education initiatives on safe and efficient energy use in the year, delivered in a virtual format due to the pandemic:

### EDUCAÇÃO COM ENERGIA

Targeted to public school teachers and students in the states of Bahia, Pernambuco, Rio Grande do Norte, São Paulo and Mato Grosso, this program has four components: *Aulas de Energia* ("Energy Classes"), the *Tô Ligado na Energia* Festival, *Energia que Transforma* (which includes the game *Se Liga*) and activities involving the characters Paxuá and Paramim.

With public schools closed during most of the year due to the COVID-19 pandemic, the Energy Classes program (interactive environments that offer immersive experiences related to electricity use, generation and energy efficiency), the *Tô Ligado na Energia* Festival (which invites reflection and dialog on the efficient and safe use of electricity) and the Paxuá and Paramim program (animation workshops and musical performances inspired by the two indigenous characters, who act as guides on the correct and efficient use of electricity for children between 3 and 10 years old) were suspended.

Other education initiatives include:

**National Energy Efficiency Olympics (ONEE) –** Students at public and private schools in Bahia, Ceará, Espírito Santo and Rio Grande do Sul participated in the National Energy Efficiency Olympics (ONEE), a pilot project led by ANEEL in partnership with four distribution utilities, including Neoenergia Coelba. The goal of the initiative is to increase student interest in science and cultivate healthy electricity habits, helping reduce consumption and lessen the share of electricity costs in home budgets. In Bahia, 629 teachers and 8,913 students in 104 cities participated in the competition, with 427 receiving medals and 4 students and 1 teacher receiving a laptop computer as a prize. The 1st placed student won a R$ 3,000 education grant.

**Neoenergia Brasilia Touring Education Center** – This program trains teachers and students who then share what they have learned with others. The program tours schools to teach about energy efficiency at home, changing energy consumption habits, contributing to sustainable development, and reducing electricity waste at home. The program, launched in December 2021, has reached 1,040 customers and 1,175 students in the Federal District.

***Nova Escola*** – Neoenergia's *Educação com Energia* ("Education with Energy") and *CEB nas Escolas* ("CEB at Schools") initiatives provide online training on energy efficiency to teachers, reaching a country-wide network of educators, including in the states hosting Neoenergia's distribution service areas (Bahia, Pernambuco, Rio Grande do Norte, São Paulo, Mato Grosso do Sul and the Federal District). The initiative borrows content from the *Energia que Transforma* program, as recommended by ANEEL, to develop energy efficiency training pathways that are compliant with the new National Curriculum (BNCC). In 2021 the program reached 7,546 teachers and 227,555 students.

Other educational programs are described in the section *Society*.


# Biodiversity

|GRI 103-2, 103-3_304|

Neoenergia and its parent company, Iberdrola, aspire to lead the power sector in biodiversity conservation and to promote a culture of respect for and sustainable use of ecosystems. The company's efforts in this area are informed by a report from the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), which found that roughly 1 million animal and plant species are currently in danger of extinction because of the increasing impact of human activities. Corroborating this assessment, the World Economic Forum's Global Risk Report 2022 ranked loss of biodiversity as the third most serious risk to the global economy (up from fifth in the previous report).

In this context, in 2021 Neoenergia announced a pledge to achieve net zero loss of biodiversity by 2030. Since 2019, the company has implemented several pilot projects to develop metrics toward achieving a net positive biodiversity impact from all new generation, transmission and distribution projects.

Neoenergia has subscribed to the Brazilian Business Commitment to Biodiversity, a document drafted by the Brazilian Business Council for Sustainable Development (CEBDS) that sets targets for conservation and responsible use of natural resources. As part of this commitment, Neoenergia has pledged to embed biodiversity conservation in its business plans, monitor biological diversity in the areas where it operates, and support conservation and rehabilitation initiatives in these regions, working to achieve a net positive impact whenever possible.

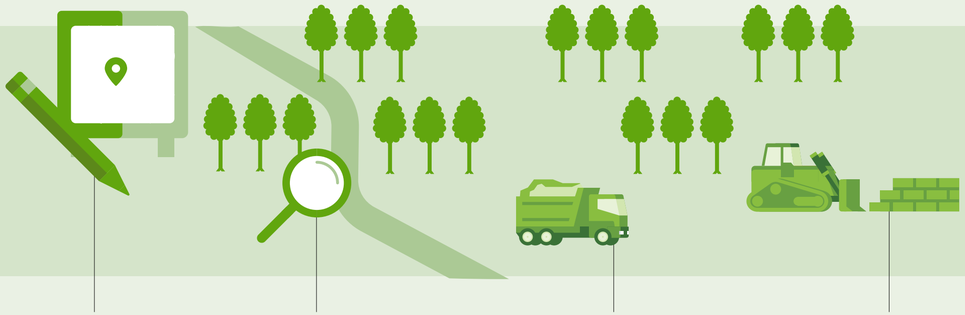
Because the company recognizes that protecting biodiversity and ecosystems must be integral to its business strategy, Neoenergia ensures that all business decisions take into consideration its related policies and management processes (*Biodiversity Policy*, Environmental Management System, Biodiversity Action Plans), and have tools in place to assess environmental impacts.

Every two years Neoenergia prepares a Biodiversity Report with detailed information on its Biodiversity Action Plans and key outcomes. To learn more about related programs and initiatives, the Biodiversity Report can be downloaded *here*.

**Animal species preserved in the areas where Neoenergia operates**

# IMPACTS |GRI 304-2| SDG 6.4, SDG 14.1, 14.2 SDG 15.1

Actions that may have impacts during the different phases of the life of facilities are identified in order to avoid, minimize and appropriately correct such potential impacts, especially in the construction, operation and maintenance stages.



### DESIGN STAGE

- Site selection.
- Construction and technology solutions.
- Material selection.

### OPERATION STAGE

- Emissions of gases to the atmosphere
- Changes to the natural regimen of rivers and barrier effects in the case of hydroelectric plants (which affect the ecosystems and habitats of certain species).
- Animal mortality from collisions and electrocution
- Disturbance to vegetation for maintenance of power line rights-of-way, etc.
- Spills and discharges.

### CONSTRUCTION STAGE

- Traffic of vehicles and machinery
- Construction of roads and disturbance of vegetation cover
- Extended human presence (which temporarily affects the behavior of wildlife species and is generally reversible)
- Changes to the landscape

### DECOMMISSIONING STAGE

- Use of machinery and vehicles for removing and demolition of existing facilities.
- Extended human presence (which temporarily affects the behavior of wildlife species and is generally reversible)

## POTENTIAL IMPACTS

### CONSTRUCTION STAGE

- Land-use change
- Changes to the landscape
- Ecosystem fragmentation
- Habitat disturbance
- Species displacement

### OPERATION & MAINTENANCE STAGE

**General effects**

- Habitat and species loss
- Increased greenhouse gas emissions and climate change
- Air, soil or water pollution

**Effects on birds**

- Electrocution
- Collisions

**Effects on land wildlife**

- Electrocution, trapping

**Water**

- Changes in water quality
- Discharges/ spills into water

**Effects on flora**

- Fires
- Soil degradation

The areas in which Neoenergia conducts its activities serve as habitats for a variety of flora and wildlife, some of which are under some form of protection. In decisions on new projects, the company assesses siting alternatives and seeks to avoid protected areas and areas of high biodiversity value, and implements prevention and mitigation measures to ensure its activities will not have significant impacts on protected habitats and species.

At the Baixo Iguaçu (PR), Corumbá III (GO) and Teles Pires (MT/PA) dams, unmanned aerial vehicles (UAVs), or drones, are used to monitor land-use in protected areas surrounding the reservoirs and to support land organization activities. UAVs generate high-resolution images that can be processed using photogrammetry, geoprocessing and remote sensing tools, providing a more agile and straightforward approach to land management.

Neoenergia manages a total of 30,000 hectares of protected areas hosting rehabilitation and conservation programs, across Brazil's three main biomes: Atlantic Forest, *Cerrado* and the Amazon.

In the areas surrounding its facilities, Neoenergia undertakes research about the local fauna, flora and ecosystems, often identifying new species (*see below*). Depending on each facility's needs, the company undertakes initiatives to prevent, protect and mitigate impacts on species and habitats, and programs to monitor species and habitats surrounding the facilities.

At the Baixo Iguaçu Dam, for example, Neoenergia monitors the migratory habits of the Iguaçu surubim (*Steindachneridion melanodermatum*), by capturing individuals and tagging them with combined telemetry transmitters that have provided previously unknown insights into the species' habits. This species is endemic to the region and is considered an endangered species in the state of Paraná.

Amazon Biome

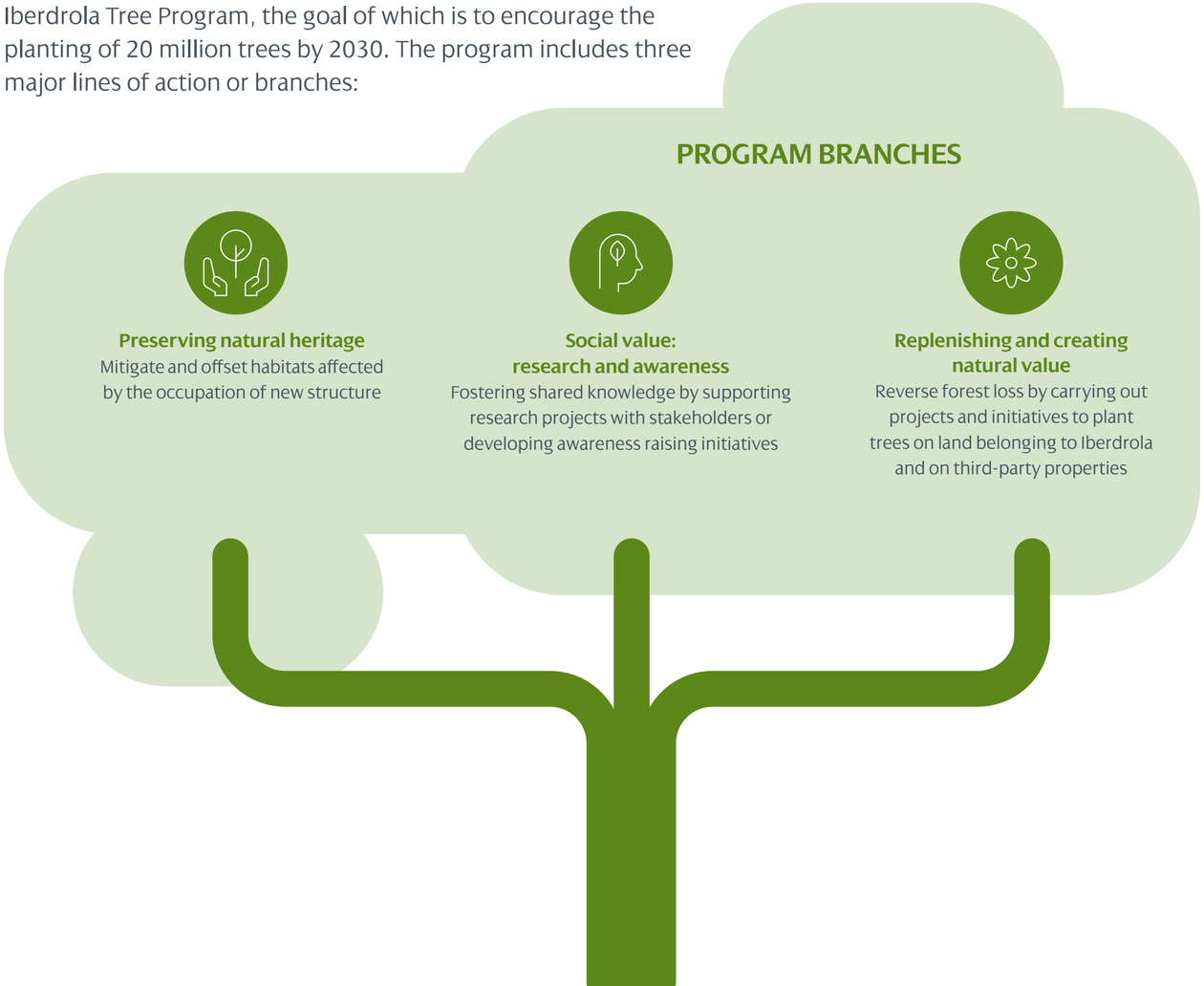
## NEWLY DISCOVERED SPECIES

At the Teles Pires Dam, the Primate Monitoring Program discovered a new species after six years of research: Schneider's marmoset (*Mico schneideri*). This initiative is one of a series of 44 social and environmental programs and initiatives in the region, and has previously identified several other new species, such as the Alta Floresta titi (*Plecturocebus grovesi).*

Another significant discovery was a new species of orchid found during flora monitoring research along the banks of the Teles Pires River. The new species, *Catasetum telespirense*, was named in tribute to the location where it was found and the power plant that sponsored the study.

# REHABILITATION

In 2020, in keeping with its commitment to SDG 15 (life on land) and Target 15.2 of the 2030 Agenda, Iberdrola launched the Iberdrola Tree Program, the goal of which is to encourage the planting of 20 million trees by 2030. The program includes three major lines of action or branches:




Neoenergia has made a substantial contribution to progress on this program, especially through its standing forest conservation initiatives in protected areas, and reforestation programs at its hydropower plants, as part of environmental--license covenants.

In addition to headwater conservation programs, Neoenergia's hydroelectric dams maintain almost 30,000 hectares of protected areas across Brazil's three main biomes (Amazon, Atlantic Forest and *Cerrado*). Most of these forest areas are at an advanced stage of conservation, while others are undergoing rehabilitation and/or reforestation.

Hydroelectric facilities' spring rehabilitation and revegetation programs aim to ensure that forest cover is adequately restored in the protected areas surrounding their reservoirs, so they are able to perform their ecosystem services. Rehabilitated and preserved vegetation around springs and headwaters improves recharge and allows their use by local communities. Neoenergia estimates that a total of 9,134 hectares have been rehabilitated in areas surrounding its hydroelectric facilities, including 3,941 hectares around the Teles Pires Dam, 1,216 hectares around Corumbá II, 2,778 hectares around Baixo Iguaçu and 1,199 hectares around Baguari.

Among the company's key volunteering initiatives is a project to rehabilitate formations of *Caatinga*, the only biome found only in Brazil and one that has historically suffered from degradation. Past rehabilitation efforts have been unsuccessful due to region's semiarid climate. In 2021, Neoenergia developed an online course in partnership with Associação Caatinga. The course is delivered on an interactive rehabilitation platform in partnership with the World Resources Institute (WRI). The platform provides a unique wealth of information about species needing to be planted and suggestions on how to plant them to enhance development and rehabilitation in all northeastern states.

The initiative is in line with the UN Decade on Ecosystem Restoration (UN 2021-2030), a global effort to restore natural ecosystems in order to preserve biodiversity and mitigate the effects of climate change.

# SOCIAL ASPECTS

# People

|GRI 103-2, 103-3_401|

People are Neoenergia's most valuable asset. Therefore, to manage over 15 thousand employees and around 28 thousand contractors with respect, fairness, and care, fostering a pleasant atmosphere of integration and individual development is part of the permanent focus of the company's people management area.

In 2021 the company primarily focused on avoiding Covid-19 contagion, reinforcing the protocols of its teams that remained in the field, as well as during the gradual return to on-site work of vaccinated administrative staff. Neoenergia distributed masks and face shields, adjusted working routines and spaces, periodically conducted mass testing and instruction *lives* featuring its in-house staff and invited guests, such as infectiologists.

The company continues to use its *online* health platform HealthCheck. This tool can be accessed from a computer or cell phone, and enables the company to adopt increasingly accurate means to fight the disease using employee responses to five questions such as how they feel physically and emotionally, how they are being careful in their daily activities during the pandemic, and their current vaccination status.

At the close of 2021 a total 43,615 people worked at Neoenergia, including employees, contractors, and interns.

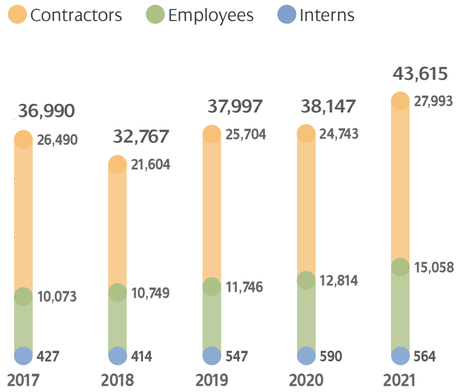
## BALANCE

2021 was also a year in which Neoenergia made heavy investments in mental health to support its employees during the prolonged period of social distancing, and all losses associated with the pandemic. In addition to its Focus on Mental Health Program (further information is available in the Health and Safety chapter), Neoenergia continued to provide the Mais Apoio (More Support) Program with psychologists providing counseling, support, explanations, information, and all sorts of support for employees, interns and apprentices, always respecting their confidentiality. This service is available 24x7 for emergencies.

Neoenergia is continuously concerned with promoting a balance between personal and professional lives. As an example of such initiatives the company controls overtime with a system that sends a warning to employee computers after eight hours of work in the day. The company also turns off the lights and air-conditioning in their offices after normal working hours. The group created a more flexible working policy with remote work up to twice a week and vacation split in up to three periods.

The fact that Neoenergia has adopted best practices in human resources is reflected in the 2021 Climate survey. Ninety-four percent of employees answered the survey, and 89% of the responses favored engagement, showing a level of commitment and satisfaction with their work and the company; 83% were in favor of the company's organizational support, showing the high level of adaptation in the role of each one within the organization, confirming favorable conditions to achieve their potential.

**HEADCOUNT** |GRI 102-8|




PEOPLE ARE NEOENERGIA'S MOST VALUABLE ASSET. RESPECT, FAIRNESS AND CARE OF ITS OVER 15 THOUSAND EMPLOYEES AND ALMOST 28 THOUSAND CONTRACTORS.

## ELECTRICIAN SCHOOL

The first graduating class of the School of Electricians in the Federal District started classes in August 2021, and 47 of them graduated, all of them now working for Neoenergia Brasilia.

This is a pioneer professional training effort in the region. It is part of the job and income creation program created by Neoenergia, in line with the Sustainable Development Goals (SDG 8 - Decent Work and Economic Growth), and has the support of the local government. It uses the same system as the other Neoenergia Electrician Schools in Bahia and Pernambuco.

Classes are given by Senai-DF (Serviço Nacional de Aprendizagem Industrial), the National Service for Industrial Learning. Because of the pandemic theoretical disciplines were taught remotely, and practical classes in person, always respecting social distancing and sanitary protocols to avoid contagion.

After completing this course graduates are qualified to apply for jobs at Neoenergia, and even if not immediately hired, will remain in the company's talent bank. They are in any case ready to be electricians in the formal jobs market.

**1,496**
**PROFESSIONALS WERE INSOURCED IN 2021**

## INSOURCING

Neoenergia started its insourcing process in 2017 to improve customer service and safety management. Since then, over 5,300 people were added to the company's headcount. Neoenergia now has 15,058 direct employees and 27,993 contractors. On-call activities, projects, inspection, and urban vegetation control (pruning) were the priority for the first four years. In 2021 the company insourced technical commercial services and maintenance of its sub-transmission live lines, hiring 1,496 employees.

This helps explain the 17.5% increase in headcount, also driven by the acquisition of Neoenergia Brasilia, and the larger number of contractors due to work going on in new wind farms and transmission substations and lines purchased at auctions. Some of the professionals hired are graduates of the Electrician School, a Neoenergia initiative to provide training in its concession areas and offer work opportunities for people living in these locations. In 2021, 1,737 electricians graduated from schools in Bahia, Pernambuco, Rio Grande do Norte, São Paulo and Brasilia, and 1,175 were hired. In 2021 Neoenergia also created a Neoenergia School in Brasilia (*see the highlight*). |**GRI 203-1**| ■ **SDG 4.3, 4.4** ■ **SDG 5.1**

At the other extreme the company promoted a Voluntary Termination Program (PDV or VTP) at Neoenergia Brasilia. In the first two rounds held in June and December 140 employees signed up, and a third round is scheduled for March 2022.

"Neoenergia is a watershed for me, it opened the doors to a whole new world. My leaders and colleagues are partners, I feel embraced. My expectation is to have a successful path here."

**Aline Alves**, an electrician hired as part of the Neoenergia Coelba insourcing program.

4 QUALITY EDUCATION

5 GENDER EQUALITY

## INTERNSHIP PROGRAM

Internships are an important source of employees for the group, and one where it is able to disseminate its culture from the start of a professional's career. For this reason Neoenergia has a well-structured talent training and qualification program, encouraging protagonism and creating in-house opportunities.

In 2021 the company launched a new selection format, where openings are posted on the company Job Opening Portal all year, resulting in even more assertive recruiting that is faster and more dynamic. In 2021 the selection was totally *online*, and over 15 thousand people registered.

Right now the Neoenergia program has 564 interns, including university and technical students. In 2021 the company hired 369 of them. During the year 130 interns were hired for permanent positions.

RIGHT NOW NEOENERGIA HAS 564 INTERNS, INCLUDING UNIVERSITY AND TECHNICAL STUDENTS. IN 2021 THE COMPANY HIRED 369 OF THEM.

## RECRUITING AND SELECTION.

By prioritizing in-house recruiting the company values its employees, offers a consistent career plan, keeps up the level of engagement and commitment, and helps develop a strong culture. In 2021, 77% of all leadership positions (manager, superintendent and director of the equivalent) were filled with in-house staff. Open positions are disclosed by e-mail every week. Neoenergia monitors indicators monthly and periodically meets with the areas involved. Results are shared in strategic meetings and in the in-house and external communication channels

To support this premise the company launched the In-House Opportunity Platform, already used by the Iberdrola Group and Neoenergia Elektro. This is now a channel to apply for positions at Neoenergia and in other Grupo Iberdrola countries. This new tool encourages employee growth, development, and protagonism.

External recruiting processes in Brazil include structured steps that are common with all group companies in Brazil to ensure transparency and isonomy for all participants and interested individuals. New employees experience an onboarding program to integrate, facilitate, and accelerate their adaptation. The process is online and uses Teams, a corporate tool, that brings together employees of different companies and locations in a same meeting, promoting initial integration. During this event new hires learn about purpose, values, behaviors, integrity, businesses, regulations, socioenvironmental projects, people development, innovation, sustainability, volunteer work, and internal communications.

## UNION RELATIONS

|GRI 103-2, 103-3_407|

The relationship between the company and the unions is based on respect, transparency, and recognition of union legitimacy as worker representatives, within the ethical principles and values that guide union good practices. Negotiations are mainly used as mechanisms to adjust conduct and define rights and duties between the parties. Union negotiations are part of the labor relations management model adopted by group companies. Agreements are signed that reflect modern and advanced labor practices, respecting the regional characteristics of the concessions and the possibilities of each business.

The Company assures each employee the right of free union association, organization, and mobilization, and uses internal communication channels to disclose and report advances in negotiations. Together with the unions it organizes meetings to monitor the Collective labor Agreement throughout the year. It proactively negotiates solutions for the different themes that involve workers, applying modern and advanced labor practices.

Regarding organizational changes, collective agreements do not specify the number of weeks, but merely advise that they be communicated ahead of time to the unions. The deadline for this communication is defined by the area involved and human resources, and depends on the type of organizational change.

The companies in the company's economic group have a relationship with the union and negotiate regionally with 14 entities, as per applicable legislation. These are Furcen/MT, SEESP/SP, Sindelpar/PR, Sindergel/SP, Sindieletro/MG, Sindurb/PE, Sinergia/BA, Sintergia/RJ, Sintern/RN, STIEEC/SP, STIEESP/SP, STIU/DF, STIU/PB and STIUEG/GO in 11 states and the Federal District, covering over 15 thousand direct employees in energy distribution, generation, transmission and trade, always with respect, transparency, and ethics.

|GRI 407-1| ■ SDG 8.8

Thus, Neoenergia has a mature perception of union relations, and has worked with unions to ensure social benefits for its employees, ensured in the form of current Collective Labor Agreements, the Group's Code of Ethics, and Brazilian labor laws.

# DIVERSITY AND EQUAL OPPORTUNITY

|GRI 103-2, 103-3_405_406|

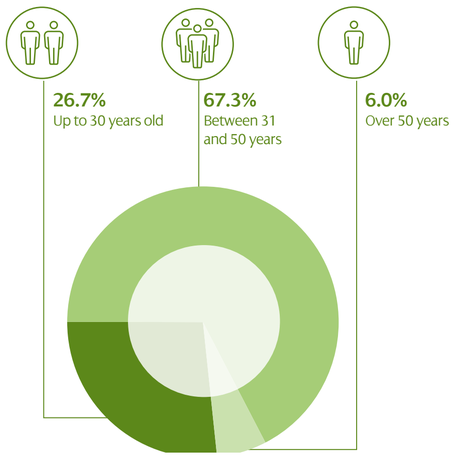
For Neoenergia, creating an inclusive work environment where differences are respected, employees are empowered and discrimination is fought as part of internal guidelines that encourage diversity and help retain the best talents, developing a culture of innovation, and more creative and productive teams that are able to contribute to a more equitable society.

For this reason, in 2021 Neoenergia launched its diversity position "Together, our energy is made of diversity", reinforcing diversity as a company value. The company also defined new guidelines for recruiting and selection (to be incorporated in 2022), to bring the desired diversity into the company, focusing on attracting women for leadership positions, and increasing the number of leaders of different races and ethnicities. Late last year Neoenergia conducted a census of self-declared race to be able to address these themes more accurately over the coming years.

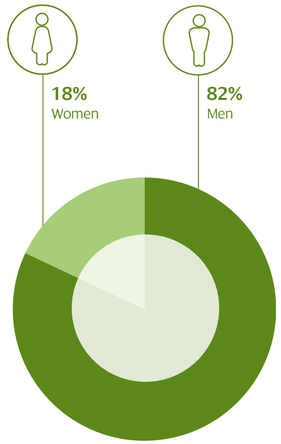
Working groups on diversity are directly connected to Iberdrola's Global diversity Committee, which meets every two months to discuss the theme and assess the progress made with the different measures proposed by the various countries.

The company has a Policy of Equal Opportunities and Reconciliation that does not allow any form of discrimination based on race, color, age, gender, marital status, ideology, political opinion, nationality, religion, sexual orientation or any other personal, physical, or social condition among its professionals. These initiatives are consistent with the UN Sustainable Development Goals (SDG), in particular number 5 - Gender Equality. As diversity and inclusion are considered strategic priorities for the group's

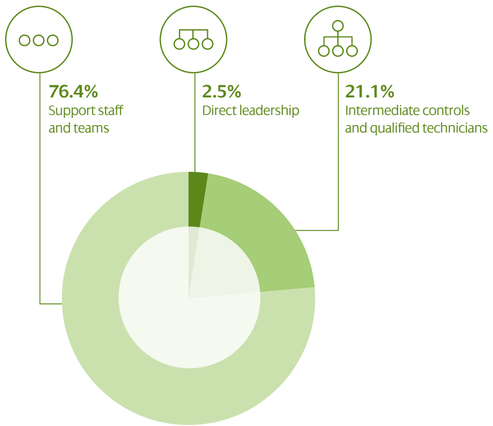
## EMPLOYEES BY AGE RANGE |GRI 405-1|




## EMPLOYEES BY GENDER |GRI 102-8|




## EMPLOYEES BY FUNCTIONAL CATEGORY |GRI 405-1|




"When I worked as a network technician, I would watch the electricians working. When the Electrician School was created my husband, who worked at CEB and today works for Neoenergia, commented on the process and I decided to register. Having been unemployed for a period, I realized this project would be an opportunity to rejoin the job market, especially as it valued women. My greatest motivation is that I take energy to people. I have seen rural workers losing their entire output because they had no power. Being able to help them with my work is gratifying!"

**Indiara De Oliveira Rodrigues Araujo**, student at the Electrician School in Taguatinga, Brasília.

"I was well-received by Neoenergia when I joined eight years ago, and slowly gained spaces to talk about "little people", and there was a lot of sensitivity to make adjustments for accessibility and well-being. I feel totally welcome and supported working for Neoenergia. It was wonderful to go back to in-person work, and find the building ready for me, with a sink of the right height and a special chair for me in the cafeteria. I am grateful to have the opportunity to participate in lectures and discussion rounds regarding "little people" and themes related to people with disabilities. One of the more significant moments was the value assigned to the Green Ribbon, alluding to October 25, the World Day Against discrimination and bias against "little people". I get involved in all the diversity campaigns and am proud to be part of a group that values people and their unique way of being.

**Adriana Santos**, administrative assistant – Neoenergia Pernambuco.

sustainable growth, targets for executive variable compensation differ from the SDG as diversity is one of the elements assessed.

The Diversity Program promoted numerous activities to address the theme internally during the course of 2021, in particular:

**Diversity Week** - in June, with guest lecturers and debates on the following themes: Why is diversity important for you? Unconscious bias; Violence against Women; Diversity in Business; Self-esteem and Protagonism to belong. The first time the event was held there were over 6 thousand interactions.

***Webapp* Junt+s** – A dedicated platform to multiply content, recognize, and encourage good practices in all sorts of environments. It is made up of statements, information, diversity numbers, videos, and games *Here are* two employee testimonials on the app that were published on Youtube.

**Focal groups** – Neoenergia crated four affinity groups (race, women, LGBTQIA+, people with disabilities) that welcome employees from all over Brazil to discuss themes related to the group. One of the activities promoted during this cycle was the round of discussions about "Why should we all fight against LGBTQIA+-phobia?", as part of the celebrations of the World Day Against LGBTQIA+-phobia in May.

**Paternity leave** – the number of days leave for homosexual couples was extended from 5 to 20 days, bringing them up to the same number as current maternity and paternity leaves.

**558 women electricians hired in two years.**

To encourage women to practice sports, Neoenergia is the first exclusive sponsor of Brazilian women's football, also supporting the national club competition, now known as the "Brasilia Feminine Neoenergia".

To promote gender equality, the company offers all-women classes in the Neoenergia Coelba and Neoenergia Pernambuco Electrician Schools to encourage and support women to join a profession that is still very much dominated by men. This focused training allowed the company to hire more than 558 female electricians in the past two years. This initiative was recognized as a global example of one of the Women Empowerment Principles (WEPs) by WeEmpower, a program of the UN Women program, the International Labor Organization (ILO), and the European Union to foster best practices in companies.

Having completed this first drive to foster the presence of women, Neoenergia believes it is possible to train mixed groups where both genders are equally represented. Experiences like this started in Brasília in 2021, and will help direct the format of groups as of 2022, and are presented on page 58.

To insert professionals with disabilities into the workforce, the Novo Olhar (New Look) program, created in 2017, provides tutoring for young people with Down's Syndrome at Neoenergia Pernambuco.

Right now 43% of Neoenergia's corporate teams are women. There are 102 women in direct leadership positions (directors, superintendents, and managers), or 26.3% of the total. The goal is to have women fill 35% of leadership positions by 2030. There are 1,301 women in intermediate positions and in technically qualified positions (equivalent to 41%), and 1,301 (11.1%) in professional and support team positions. 24.01% of junior managers are women, and 18.61% of those in revenue--generating management positions are women. Blacks and browns make up 31% of the company's leadership. In 2021 the average wage paid to men and women was almost identical (100.2%),

Neoenergia meets all of the people with disabilities quotas, having employed 523 people with disabilities (338 men and 185 women).


Sponsorship for the Brazilian female soccer team

## BENEFITS

|GRI 103-2, 103-3_201_401|

Neoenergia Group companies are concerned with the wellbeing of their employees and the balance of their personal and professional lives. Some companies offer employees personal hours they can use in moments of personal need, or to extend their vacation.

Neoenergia respects the national minimum wage policy, as well as any regional minimum wage, if available. Group companies perform market surveys to assess current practices and define their own compensation policy. Currently the lowest salary defined by the company's employee compensation policy is above the national and regional minimum wage.

The benefits package for permanent employees includes life insurance, Corporate Travel Insurance, healthcare plan, dental plan, meal vouchers, transportation vouchers, disability support, dependent-support, physical activity support (Gympass), private pension, personal loans, extended maternity leave, education incentives, and the Neoenergia Club (agreements with schools, gyms, merchants and a number of sports and cultural activities, among others.

On March 16 and April 20, 2020 the Board of Directors and the Extraordinary General Meeting of the Shareholders approved a stock-based Long-Term Incentives Plan (LTI). The LTI is a mechanism to compensate and retain company officers, executives and managers.

This LTI is a compensation and retention mechanism for executives and managers of the companies of the Group. The Group also participates in the Corporate Citizen program, instituted by Law 11770/2008 and regulated by Decree 7052/2009, which extends maternity leave by 60 days, to a total of six months, and paternity leave for an extra 15 days, in addition to the legal five days, totaling 20 days (Law 13257/2016). |GRI 401-2| ■ SDG 3.2 ■ SDG 5.4 ■ SDG 8.5 ● PG 6

Néos Previdência Complementar (supplemental pension) was created in 2019 to centralize the management of private pension plans, providing flexibility to employees and ensuring greater administrative efficiency. Néos incorporated supplemental pension funds that served Neoenergia Coelba, Neoenergia Pernambuco, and Neoenergia Cosern employees. Their defined contribution (DC) or defined benefit (DB) plans remain in effect, but no new subscribers will be admitted. Since October, the *foundation websites* automatically take users to the *Néos* landing page.

Néos provides a DC plan for its new employees (and in the future for anyone who wishes to migrate), reducing the time to redeem 100% of the sponsor contributions to five years (rather than eight), offering early retirement at 50, adding a new investment profile (Life Cycle), and improving the percent contribution.

To maintain good communication, Néos created a weekly newsletter for participants with information about the organization, the pension plans offered, financial education and pension hints, and legal information regarding pensions.

On December 31, 2020 the consolidated position of the four pension plans held by Neoenergia was R$ 3.51 billion in actuarial obligations, with coverage of R$ 3.49 billion in air value of its assets, as per the actuarial valuation of the same date. In 2021 the DC plans had 10,244 members, and the DB plans 2,067 participants. Neoenergia also has a defined-benefit healthcare plan for retirees of Neoenergia Coelba, with an actuarial obligation of R$ 820 million at year end, and 2,932 lives protected (5,902 including dependents). These plans are closed to new subscribers, with exception of the Neoenergia Elektro pension plan. Two of the defined benefit plants have a surplus (the Neoenergia Coelba and Neoenergia Cosern Pension Plans), and three are running at a deficit (the Neoenergia Pernambuco and Neoenergia Elektro Pension Plans, and the Neoenergia Coelba healthcare plan. Information on Neoenergia is also available in the consolidated financial statements available at http://ri.neoenergia.com/pt-br/ resultados-e-indicadores/ central-de-resultados. |GRI 201-3| ● PG 6

### EMPLOYEES READY FOR RETIREMENT |GRI EU15| ■ SDG 8.5

| | Next 5 years | | | Next 10 years | | |
|---|---|---|---|---|---|---|
| By professional category (#) [1] | 2019 | 2020 [2] | 2021 | 2019 | 2020 [2] | 2021 |
| Total | 655 | 168 | 156 | 824 | 421 | 386 |
| Direct leadership | 9 | 25 | 22 | 10 | 30 | 27 |
| Intermediate controls and qualified technicians | 269 | 58 | 50 | 370 | 137 | 120 |
| Support staff and teams | 377 | 85 | 84 | 444 | 254 | 239 |

[1] Direct leadership: directors, superintendents and managers; Mid-Level Managers and qualified technicians: managers, experts, and analysts; Support professional: administrative, technical, and operating staff.

[2] 2020 data were reclassified due to the inclusion of managers in the "direct leadership" category. |GRI 102-48|

# HEALTH AND SAFETY

|GRI 103-2, 103-3_403, ex-EU16| ■ SDG 8.8

Health and safety remain core values, especially in the pandemic situation we experienced in 2020 and 2021. During this period the company implemented the necessary protocols to avoid Covid-19 contamination in all its units, controlling the access of its employees and third parties.

The mandatory trainings for the area (N10, N35 and Pops) adopted a hybrid format - part in person and part remote - to continue training its teams safely and within the required parameters. Neoenergia's dedicated wind-farm Training Center in its Calandos Complex, for example, continued all of its activities normally, training operators in evacuation and rescue operations. |GRI 403-5|

Working in heights, electrical installation safety, and defensive driving are some of the periodic training provided to meet regulations. Contractor training is the responsibility of contractors, and follows the specifications defined by Neoenergia. In 2021, 20,604 people, between employees and contractors, participated in 177 courses totaling 1,328,279 hours. |GRI ex-EU18|

The “Life Above All” program remains the main internal accident prevention initiative. Among the safety activities Neoenergia has the weekly Accident Prevention Week (Sipat). The last two years this event was entirely online. In 2021 a record 25,560 people participated, almost twice as many as in the previous year. This engagement is the result of creating awareness among leaders, the interactive format that was closer to the day-to-day activities of employees, and the inclusion of their families in the activities.

This program includes safety inspections, which have increased in number and severity each year, reaching a record number of 23,372 inspections in 2021. During these inspections safety technicians observe the operations of employees and contractors, reiterating preventive practices and identifying opportunities for improvement.

To generate maps and indicators, technicians took into consideration compliance with legislation, leadership activities to ensure the safety of field teams, the role of Cipas (internal accident prevention committees), the result of cross-referenced inspections and audits, and data on accidents. All the data is added to a database used to develop corrective and preventive measures in group concessionaires.

Safety indicators are monitored by the CEO every quarter, when the company organizes safety stops that involve everyone from senior leaders to operating teams to align the company's vision on the theme and maintain engagement.

Neoenergia is very strict when it comes to its service providers, with requirements beyond legal obligations in the form or contractual covenants. All these safety items are also used by Neoenergia to monitor the work of employees.

Health and Safety, in the form of workplace accident indicators and accidents among the population, is linked to the variable compensation of all group employees.

Apollus software for the operational management of workplace health and safety processes was implemented in the entire Neoenergia group in 2021.

**Variable compensation is linked to safety indicators.**

8 DECENT WORK AND ECONOMIC GROWTH

## ACCIDENTS

Despite the hours of training and workplace safety campaigns, in 2021 the company had 132 accidents involving employees, and 300 involving contractors, an increase of 28% and 9.9% respectively. There were two fatalities among employees, both at Neoenergia Coelba One of them was a traffic accident while traveling for the company, and the other happened during live-line work. Also, a contracted electrician died at Neoenergia Pernambuco.

Accidents are recorded as an Accident Rate (AR), which consolidates the number of accidents and incidents within a given period. They are classified as lost-time injuries (LTI), medical treatment cases (MTC), and restricted work cases (RWC). Indicators are fed into a computerized system that is transitioning to improved performance and global standardization.

In addition to efforts to achieve Neoenergia's goal of zero accidents, the security area is in charge of monitoring absenteeism (due to disease or accident), and for employee participation in the quality-of-life programs offered by the company.

## HEALTH AND SAFETY

|GRI 403-9| SDG 3.6, 3.9 SDG 8.8 SDG 16.1 |SASB IF-EU-320A.1

| | Own staff | | | | | | | Third Parties | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | | 2020 | | 2021 | | Total | 2019 | | 2020 | | 2021 | |
| | Men | Women | Men | Women | Men | Women | | Men | Women | Men | Women | Men | Women |
| Number of accidents [1,2] | 54 | 3 | 94 | 9 | 125 | 7 | 132 | 189 | 2 | 262 | 11 | 292 | 8 |
| Lost-time injuries[3] | 8 | 0 | 8 | 1 | 12 | 1 | 13 | 43 | 1 | 15 | 1 | 21 | 1 |
| Medical treatment cases | 46 | 3 | 86 | 8 | 113 | 6 | 119 | 146 | 1 | 247 | 10 | 271 | 7 |
| Number of fatalities | 0 | 0 | 2 | 0 | 3 | 0 | 3 | 3 | 0 | 1 | 0 | 1 | 0 |
| Serious injuries | n/a | n/a | 1 | 0 | 1 | 0 | 1 | 4 | 0 | 1 | 0 | 3 | 0 |
| Number of lost days | 102 | | 214 | | 976 | 7 | 983 | 1,654 | | 575 | | 1,999 | |
| Number of days worked | n/a | | 993,664 | | 1,172,529 | 253,351 | 1,425,880 | n/a | | 2,398,536 | | 2,547,151 | |
| Death rate | 0 | | 0.017 | | 0.021 | 0 | 0.018 | 0.011 | | 0.003 | | 0.003 | |
| Frequency Rate (FR) [4] | 0.37 | | 0.38 | | 0.43 | 0.16 | 0.38 | 0.37 | | 0.28 | | 0.36 | |
| Rate of high-consequence injuries[5] | 0 | | 0.01 | | 0.01 | 0 | 0.01 | 0.01 | | 0 | | 0.01 | |
| Workplace injuries rate [6] | 0.49 | | 0.86 | | 0.5 | 0.16 | 0.44 | 0.61 | | 0.95 | | 0.57 | |
| Severity index[7] | 0 | | 0.01 | | 0.03 | 0 | 0.03 | n/a | | 0.01 | | 0.03 | |
| Hours worked | n/a | | n/a | | 28,140,706 | 6,080,421 | 34,221,127 | n/a | | n/a | | 61,131,615 | |

[1] Type of accidents: electrical and traffic.
[2] Excludes accidents going to and from work.
[3] Lost-time injuries include deaths.
[4] Frequency rate: (lost-time injuries/hours worked) x 1,000,000.
[5] Rate of high-consequence injuries: (total lost-time and non-lost-time injuries + fatalities)/hours worked) X 200,000.
[6] Workplace injury rates: [(Total lost-time and non-lost -time injuries) / total hours worked] X 200,000.
[7] Severity index: (days lost/hours worked by own staff) x 1,000.
n/a – Not available.
Hours worked: 8 hours a day



## MANAGEMENT SYSTEM

|GRI 403-1, 403-2, 403-4, 403-7, 403-8| SDG 3.2, 3.3, 3.9 SDG 8.8 SDG 16.7

The Occupational health and Safety Management System is based on the known hazards in the Environmental Accident Risk Prevention Program (PPRA), and the Identification of Hazards and Risk Assessment (IPar), and complies with standard ISO 45001:2018, covering all full-time and part--time, permanent and temporary employees, contractors and visitors.

The associated legal risks are identified and controlled continuously, and city, state, and federal legislation is constantly monitored. This step is performed by a specialized consulting firm and information is provided using an electronic system.

In 2020, another group company - Neoenergia Coelba - was ISO 45001 certified. Right now, 87% of the group companies are certified. Neoenergia Pernambuco was certified in 2020, and Neoenergia Cosern and Termopernambuco in 2019.

The six hydro-plants controlled by the company kept their ISO 45001 (health and safety), 14001 (environment), and 9001 (management) certification. Neoenergia Elektro and the wind farms migrated from OHSAS 18001 (*Occupational Safety and Health Administration*) to ISO 45001 in 2020. Neoenergia Brasília will go through the certification process in 2022. The Transmission process will be included in the process.

The process to identify hazards and to evaluate risks is performed with the support of APR and Ipar to create effective control measures and reduce the degree of impact. This process is described in technical guidelines and procedures performed by trained professionals who attended alignment meetings.

Workers can identify risks via a Preliminary Risk Analysis (APR) performed before any activity, incident reporting, and safety comments at Cipa meetings, comprised of company and employee representatives. Whenever a hazard the team cannot eliminate or control is identified, the activity may be temporarily or definitively suspended until the cause of the lack of safety is resolved. Thus the team will use the right to refuse with support, as per NR 10 and the Health and Safety Policy.

All employees are represented at Cipa (internal accident prevention committee) meetings. There are procedures that determine the criteria for accident, incident and other event notification, investigation, and analysis with company staff and contractors. All employees are represented at safety meetings.

Each distribution and transmission company has a local safety committee that meets twice a month to address regional matters, which are then taken to a strategic committee, which meets once a month. In Renewables (hydro and wind), local committees meet once a month. These instances define policies and guidelines, in line with workplace Health, Safety, and Quality of Life guidelines, promoting measures to ensure the physical health and integrity of employees, partners, and the population at large. These committees are comprised of representatives of the different areas, led by a coordinator appointed by the company.

**87%**
**OF THE GROUP COMPANIES ARE CERTIFIED**

## HEALTH AND QUALITY OF LIFE

|GRI 403-3, 403-6, 403-10| SDG 3.8 SDG 8.8

Access to medical and healthcare services is facilitated by clinics accredited by the healthcare plan, and suppliers of occupational health services. The company also offers clinical services on-site. The goal is to promote and preserve worker health, and to track and diagnose workplace related issues and chronic diseases as early as possible. Campaigns include vaccination against the flu, cancer prevention (Pink October, Blue November), and access to physical activities via Gympass.

## ACTIONS AGAINST COVID-19

The company adopts all World Health Organization (WHO) orientations and best practices so that all employees remain safe, either at the company or at home. One of the initiatives includes weekly access to the Health Check system to report their physical and psychological health, which is evaluated by the Workplace Health and Safety team. If there is any change, healthcare professionals contact the employee to ask for tests and take any measures necessary to improve their health.

In 2021 Neoenergia adopted the following measures and programs:

**Programa Mais Apoio (More Support Program)** - Offers free orientation, support, explanation, information and any other support employees need during situations of stress, depression, anxiety, and insomnia, among others. The Mental Healthcare Program was implemented in all hydro plants.

**Individual and group protection** - Distribution of masks and face shields that must be used.

**Suitable management of the work environment** – temperature measurements, use of sanitary carpets, sanitizing floors and desks, signaling the recommended safe distance to prevent Covid-19, and hand sanitizers located near the common use locations.



# TRAINING AND PROFESSIONAL DEVELOPMENT

|GRI 103-2, 103-3_404_410_412, ex-EU14| ■ SDG 4.4 ■ SDG 8.5

Neoenergia offers a range of skills-building programs that equip employees to perform their tasks and help to create a culture of individual development, value creation and continuous improvement, as well as preparing employees to take on new roles in the future.

Training plans are validated by business-unit managers and HR departments to ensure they address key training needs, with the Corporate Training function playing an active role in fostering a culture of continuous learning.

Training workflows and instructions are outlined in a procedure available in an internal management system accessible to all employees. The company's training offering includes language courses, onboarding training for new employees, education grants for undergraduate, technical and MBA/graduate programs, mandatory skills and training, and training addressing strategic business topics, using in-person, distance learning or hybrid training formats.

Digital tools are increasingly used to facilitate and encourage employee ownership of their development, through company platforms that offer online courses and webinars that are open to all organizational levels. Recognizing that people learn in different ways, the company uses the 70/20/10 Learning Model (70% on-the-job experience, 20% interactions and 10% formal education). Online and hybrid remained the most-used training formats in 2021, with an average of 83.5 hours of training provided per employee.

## LEADERSHIP DEVELOPMENT

For the third consecutive year, Neoenergia provided training within its *Lidera* program to develop inspiring leaders who are aligned with the company's strategy and culture and engaged in helping to create a environment of continuous learning.

The program is targeted to employees in leadership positions at different levels of the organization, including aspiring leaders, supervisors, managers and department heads. A total of 900 employees in leadership positions attended the program in 2021, as well as 100 aspiring leaders who followed a dedicated learning pathway for developing key skills for leadership positions. In 2021 Neoenergia launched an exclusive platform where training participants can share experience, offering an interactive hub of leadership content that supports independent learning and ownership of the training journey.

The program has been structured for online learning of current as well as future-ready skills related to leadership, organizational and cultural transformation, customer experience, innovation and sustainability.

## TRAINING HOURS |GRI 404-1| ■ SDG 4.3, 4.4, 4.5 ■ SDG 5.1 ■ SDG 8.2, 8.5 ■ SDG 10.3 ● PG 6

| | 2019 | | | | 2020[2] | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total hours | | Average hours | | Total hours | | Average hours | | Total hours | | Average hours | |
| | Men | Women | Men | Women | Men | Women | Men | Women | Men | Women | Men | Women |
| Direct leadership[1] | 148 | 29 | 2.43 | 1.95 | 18,556 | 6,093 | 70.55 | 62.17 | 27,206 | 9,249 | 86.1 | 81.1 |
| Intermediate controls and qualified technicians | 13,705 | 19,829 | 9.54 | 20.98 | 80,478 | 60,702 | 45.96 | 49.59 | 123,239 | 83,241 | 61.1 | 60.2 |
| Support staff and teams | 613,016 | 92,797 | 87.45 | 125.4 | 766,494 | 91,598 | 88.1 | 92.9 | 935,987 | 128,999 | 89.1 | 96.7 |
| **Total [3]** | **626,869** | **112,655** | **65.2** | **52.9** | **865,528** | **158,393** | **80.8** | **68.63** | **1,086,432** | **221,489** | **84.63** | **78.26** |
| **Grand total [3]** | **739,524** | | **63** | | **1,023,922** | | **78.6** | | **1,307,921** | | **83.5** | |

[1] Direct leadership: directors, department heads and managers; Intermediate controls and qualified technicians: managers, leaders, specialists and analysts; Professionals and support staff: administrative, technical and operational personnel.
[2] 2020 data were reclassified due to the inclusion of managers in the "direct leadership" category. |GRI 102-48|
[3] Average hours were calculated using the total hours in 2021, divided by the number of hours by function, by gender.
Database: workforce as of December 2021; active employees only, not including trainees and apprentices.

# Customers

## INNOVATION, DIGITIZATION AND QUALITY FOR THE CUSTOMERS [GRI 103-2,103-3_417]

Neoenergia works to engage closely with distribution system users and ensure high levels of customer satisfaction by offering an increasingly simplified, effective and digitized service to its more than 15.7 million customers across five Brazilian states and the Federal District. These efforts are supported by three pillars: Supplication/Innovation, Communication and Commitment.

Within the Simplification pillar, Neoenergia is working to increasingly digitize its customer relationship processes. Following the launch of new or improved services during the pandemic—a chatbot for WhatsApp and Facebook, a digital invoice negotiation platform, virtual service office functionality, new payment methods, and registration and invoice delivery via text message and WhatsApp—digital service channels now account for 91.82% of customer service activity.

Neoenergia works to create and integrate service channels that connect and make life easier for its customers, such as do-it-yourself digital services that are user-friendly and improve accessibility. One of its key initiatives in this area is Conexão Digital ("Digital Connection"), which has been recognized as the most important customer-oriented research & development (P&D) programs in the power sector, regulated by the Brazilian power sector regulator, ANEEL. The initiative operates across three levers: modernizing the customer journey, developing integrated digital solutions, and digital inclusion. Through these levers, the program is helping to improve the customer experience, putting the customer at the center of the business.

These initiatives have helped to improve Neoenergia's Customer Effort Score (CES), which measures how much effort a customer has to exert to get a request fulfilled via contact channels. In December 2021 Neoenergia's CES was 1.49, a year-on-year reduction of 7%. This indicates the company is successfully addressing pain points that adversely affect customer satisfaction.

At the end of the year, the Equivalent Frequency of Complaints (EFC), which measures the number of complaints from every thousand customers, was 7.10, below the 9.57 regulatory target established for Neoenergia Group companies.

### CUSTOMER EFFORT SCORE (CES) [1]

| Neoenergia consolidated | Neoenergia Coelba | Neoenergia Pernambuco | Neoenergia Cosern | Neoenergia Elektro |
|---|---|---|---|---|
| 1.59 (1 year/2022) and 1.55 (4 years/2025)[2] | 2.00 (1 year) and 1.88 (4 years) | 0.86 (1 year) and 0.81 (4 years) | 1.36 (1 year) and 1.28 (4 years) | 1.35 (1 year) and 1.27 (4 years) |

[1] Not yet implemented at Neoenergia Brasilia.
[2] The targets are higher than reported in 2021, reflecting changes in the calculation formula and the effects from ANEEL Regulatory Resolution no. 1,000, on consumer rights and duties.

# MORE SERVICES, BETTER CUSTOMER RELATIONSHIPS

**Chatbot** – New features were introduced in 2021, such as viewing and negotiating outstanding invoices, requesting reconnection after paying outstanding invoices, and self-reading instructions. Virtual customer service was also extended to Neoenergia Brasilia. The chatbot, which uses artificial intelligence to automate interactions with customers, can already handle more than 70 types of service requests, and has exceeded 1 million customer requests fulfilled per month. That's an increase of more than 150% on the previous year, indicating that the company's digital solutions are successfully engaging with customers. The chatbot has a library of more than 1,200 words and 87 known issues. Customers have given the chatbot service an average post-service rating of 4.3 on a scale of 1 to 5.

**New app –** In 2021 Neoenergia took an important step to improve the customer experience on its mobile app, which was initially launched by Neoenergia Elektro. This included creating a new, more intuitive and user-friendly layout, as well as new services and features. Several features have now been updated—such as invoice reprints, outstanding invoices, consumption history, and information about payment methods—and new services have been introduced, including debt negotiation and public lighting. Other new features are designed to improve app usability, such as biometric sign-in and face recognition. All new features were informed by assessments of the ideal customer journey as part of the Digital Connection Program, which identified key customer pain points and opportunities. Further app enhancements are in the pipeline for the remainder of the project.

**Enhancements for new connection applications –** To ensure Neoenergia consistently wows its customers from their very first interaction with the company, the Digital Connection program has improved the new connection application workflow, previously considered the most complex and time-consuming process at distribution utilities. The digital application journey was redesigned from scratch to make it simpler, faster and more secure, offering a customized, profile-appropriate user experience. The registration process has been hyper-simplified and automated, using OCR (Optical Character Recognition) technology to streamline document validation. In the step where customers select the most appropriate option for their connection, customers can either choose off-the-shelf consumption combos or customize their connection according to their profile. To support these enhancements, a range of new technologies have been deployed on the app, including OCR and geographic coordinate-based address searches to find the location to be connected. The new app has gone live at Neoenergia Elektro and will be rolled out at other utilities in 2022, and further enhancements are in the pipeline over the remainder of the project in 2023.


Digital customer service solutions

# DIGITAL INNOVATION

Digitization is one of the primary levers through which Neoenergia has contributed to the digital transformation of the power sector. This has included the development of new payment methods and enhancements to the customer experience. Some of the key services launched in the last two years include:

## 2020

### March 2020

- Launched Digital Connection
- Rolled out the chatbot service at Neoenergia Coelba, Neoenergia Pernambuco, Neoenergia Cosern and Neoenergia Elektro.

### April 2020

- Chatbot milestone: 1 million customer requests fulfilled.
- Added invoice reprint service on the chatbot

### May 2020

- Launched debt negotiation portal
- Incorporated Caixa Elo (stimulus checks) virtual cards as an invoice payment method

### June 2020

- Added PDF invoice reprint service on the chatbot for Northeast utilities

### August 2020

- Chatbot milestone: 2 million customer requests fulfilled

### September 2020

- Deployed facial recognition technology for new connection applications on the website
- R$ 50 million in collections on the Negotiation Portal
- Added digital invoice reprint service on the chatbot for Northeast utilities

### October 2020

- Launched WhatsApp-based registration and invoice delivery

### November 2020

- Introduced PIX as a payment method for customers registered to receive digital invoices
- Introduced invoice delivery via SMS
- Added chatbot inquiries about microgeneration and distributed generation

### December 2020

- New app rolled out at Neoenergia Elektro

## 2021

### January 2021

- Launched new connection application workflow for Residential and Social Rate customers
- Introduced digital forms for new connection applications using an innovative consumption-based combo model
- Added PDF invoice reprint service on the chatbot for Neoenergia Elektro customers

### February 2021

- Chatbot milestone: 5 million customer requests fulfilled

### March 2021

- One year of Digital Connection
- R$ 100 million in collections on the Negotiation Portal

### May 2021

- Added chatbot functionality for viewing and negotiating outstanding invoices

### June 2021

- Chatbot rollout at Neoenergia Brasilia, building on innovation efforts in the Federal District
- R$ 150 million in collections on the Negotiation Portal
- Launched Elektro app enhancements including public lighting service, biometric sign-in, performance and security enhancements, and redirecting for debt negotiation

### July 2021

- Chatbot milestone: 10 million customer requests fulfilled
- Negotiation Portal rolled out at Neoenergia Brasilia
- Launched new connection application workflow for Retail, Industrial and Rural customers

### August 2021

- Incorporated chatbot service on the Negotiation Portal

### September 2021

- Launched recurring credit card payments
- R$ 200 million in collections on the Negotiation Portal
- Incorporated self-reading service on the Neoenergia chatbot

### December 2021

- Delivered the Neoenergia Data & Analytics Platform

# NEW PAYMENT METHODS

2021 was an especially challenging year due to the social and economic impacts stemming from the COVID-19 pandemic. These included continued lockdowns, restrictions on power supply disconnections for low-income customers, and reduced stimulus check amounts paid by the Federal Government. Throughout the year, and especially in the last quarter, ANEEL adjusted the dry-season rate tiers to help mitigate the effects from the water crisis. This increased average electricity rates by 25% compared to the previous year. These combined factors affected consumers' ability to pay their bills.

To encourage customers to timely pay their electricity invoices, Neoenergia launched negotiation campaigns, expanded its payment channels, intensified customer communications (ARU, SMS, email and WhatsApp), and offered special installment-payment terms.

New digital collection and process automation tools were also rolled out in 2021. Neoenergia's Negotiation Portal, launched in 2020, incorporated new features and expanded the number of customers served. This increased the number of invoice settlements by 37% and collections by 34%. More than 665,000 negotiations were completed, resulting in R$ 214 million collected through the portal, supporting a reduction of R$ 44 million in Allowance for Loan and Lease Losses (ALLL).

Drawing on data science and lessons learned during implementation of the portal, Neoenergia created a communication solution through which customers who visit the portal but fail to complete the negotiation are proactively prompted to do so. Insight into consumer behavior and effective communications have helped drive technology uptake in the negotiation process.

Neoenergia developed a dynamic negotiation proposal process that takes account of customers' individual needs and provides them with greater choice. Installment payment plans—including the amount of down payment, principal and number of installments—are built by customers themselves around their individual needs. After submitting their proposal, customers immediately receive a response on whether their proposal is feasible. The new process accounted for 14% of collections through this channel in 2021, with a 90% success rate, i.e. 9 out of 10 customers who use the service complete the negotiation process.

### NEGOTIATION PORTAL

**655,000**

settlements, 37% more than in 2020

**90%**

of customers completed invoice negotiations when using the dynamic proposal feature

**R$ 214 million**

in collections, an increase of 34%

**R$ 44 million**

reduction in Allowance for Loan and Lease Losses (ALLL)

## CAMPAIGNS AND INITIATIVES

Social media has become an important channel for corporate communications. In 2021, realizing the value of advertising its invoice payment solutions through dark posts—or posts that are only displayed to selected audiences—the company created several social media campaigns to encourage customers to pay their bills on time—such as "Staying in the Black"—and to advertise its payment channels and methods.

And in 2021 the options available for customers to settle their invoices were further expanded. Apart from PIX, digital wallets, stimulus checks, installment payments, direct debit, internet banking and its correspondent collection network, Neoenergia now also offers the option to charge electricity invoices to customers' credit card invoices.
Other innovative payment method initiatives include:

***Cashback*** – Partnerships with digital wallet providers to offer cashback to customers. Cashback bonuses were offered to utility customers who were not yet cashback platform users and registered within the promotion period.

**Invoice discounts** – Customers are exempted from paying interest, fines or other charges for cash or credit-card payments of invoices more than 180 days overdue. This 60-day campaign was launched in the first quarter of the year.

**Low-income discounts** – A negotiation campaign offering a discount of up to 36% for Social Rate customers to mark Customer Day, as well as exemption from paying interest, fines or other charges and the opportunity to pay outstanding invoices in up to 18 installments. The 120-day campaign was launched in the second half of 2021.


Easier access to information

**Recurring payments –** Payments are charged on a monthly basis to customers' credit cards, in a practical and secure process. The difference between this payment method and direct debit is that invoices are charged to customers credit cards. The service is available on distribution utility websites, where customers are directed to the Flexpag portal.

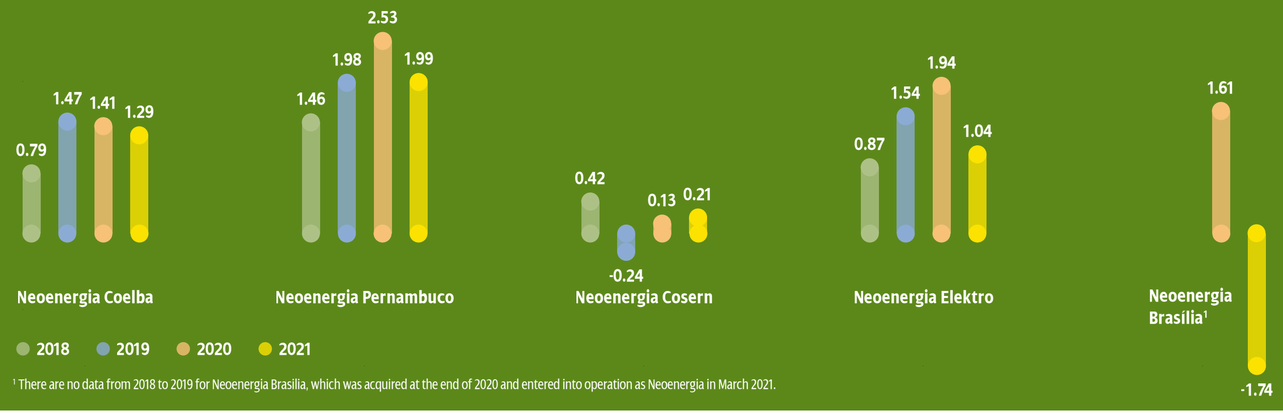
**24 installments for credit card payments –** The number of installments allowed for Master, Visa, Hiper, Elo and Amex credit card payments increased from 12 to 24. Payments can be made via distribution utility websites, through a partnership with Flexpag.

*Energia para Recomeçar* **("Energy to Start Over")** – On-time paying customers using digital payment methods or who opt in to receive their invoices by email are entered into draws for prizes. Neoenergia delivered more than R$ 400,000 in prizes in 2020 and 2021. As an extension of this program, in 2021 the company launched *Energia para Recomeçar II*, now including Neoenergia Brasilia and a partnership with ZAP.

**Rewards Club** – Customers can purchase products from a variety of brands and win points with every purchase that they can use toward additional purchases on the platform. To join the club, customers simply visit the club hotsite and register. On the platform, customers can view the club partners and the amount of cashback each partner offers. The campaign will have a duration of six months.

These combined initiatives have helped to reduce delinquency across nearly all of distribution utilities, with the exception of Neoenergia Cosern due to the effect of unsuccessful negotiations with the state government, which negatively offset its delinquency performance in 2020.

## CHANGES IN DELINQUENCY RATES (%)




[1] There are no data from 2018 to 2019 for Neoenergia Brasília, which was acquired at the end of 2020 and entered into operation as Neoenergia in March 2021.

# ACCESS TO HIGH-QUALITY INFORMATION

Neoenergia Group companies have implemented a number of measures to ensure their customer communications—which are crucial in improving customer relationships—are fully transparent and readily accessible. To ensure full inclusion, energy bills in Braille are sent to people with visual disabilities, and special telephone assistance is provided for people with hearing or speech impairments. |ex-EU24|

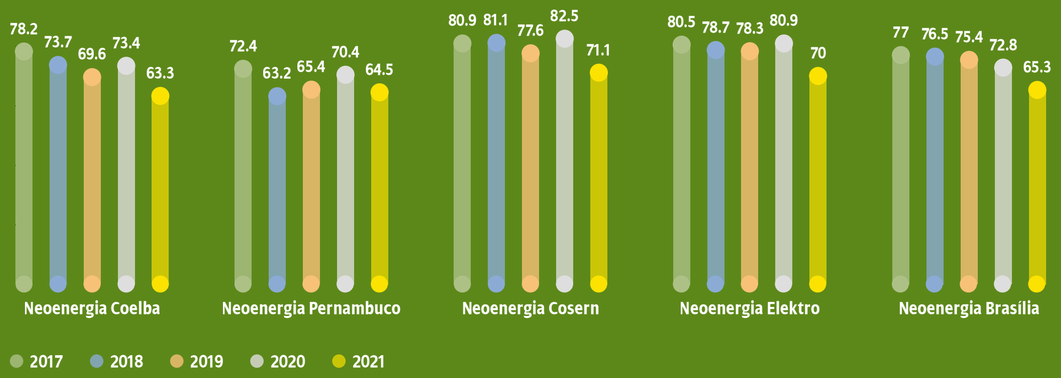
## CUSTOMER SATISFACTION |GRI 102-43|

Neoenergia's Perceived Quality Satisfaction Rate (ISQP) in 2021 was 65.7%, as measured in a Brazilian Electric Utility Association (ABRADEE) survey of residential customers in its five service areas. All Brazilian electric utilities saw a decline in quality satisfaction rates in the year, reflecting the pandemic and the economic downturn. The in-person survey has a margin of error of four percentage points and a confidence interval of 95%. The national average satisfaction rate fell from 75.2% in 2020 to 65.5%, or by 9.7 percentage points.

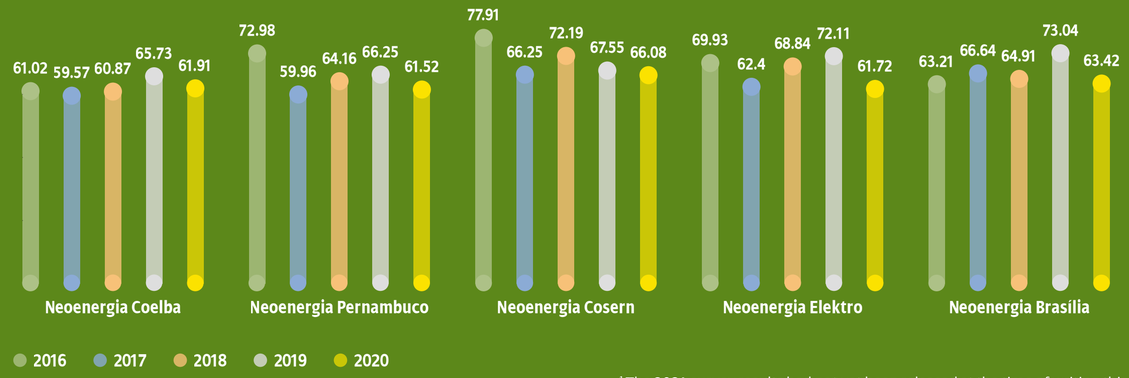
The same effect was observable in an ANEEL survey to inform the ANEEL Consumer Satisfaction Rate (IASC) in 2020, conducted between November 2020 and February 2021. The entire sector underperformed the previous year (-7.6). Neoenergia was no exception, although its satisfaction rate decreased less, by -5.4 percentage points. Despite the decreasing satisfaction rates, Neoenergia Brasilia received an ANEEL Quality Award as the best distribution utility in the Midwest. The 2021 survey results had not yet been released at the time of writing this report.

Improving customer communications

### ABRADEE PERCEIVED QUALITY SATISFACTION RATE (ISQP) – %




### ANEEL CUSTOMER SATISFACTION RATE (IASC) – % [1]




[1] The 2021 survey results had not yet been released at the time of writing this report.

## COMMITMENT – CUSTOMERS ARE EVERYTHING FOR US

New technologies and a new generation of consumers are changing the way companies interact with their customers. The new customer expects interactions to be much more dynamic, and keeping pace with this trend poses a significant challenge.

To address this challenge, Neoenergia has created an online Customer Journey training program designed to strengthen its culture and put customers at the center of the business. Using an interactive storytelling approach, the training program encourages employees to think systemically and helps them to understand that all areas of the business play a role in driving customer satisfaction. More than 12,000 employees (or 80% of the workforce) have attended the Customer Journey training program.

In 2021 Neoenergia organized a Customer Week event as another initiative addressing customer satisfaction. The event featured six livestreamed discussions and workshops attended by more than 5,000 employees, inviting reflection about the importance of being prepared for the changes ahead in the power sector.

# CUSTOMER SAFETY

|GRI 103-2, 103-3_416, 416-1, ex-EU24 | SDG 1.4 SDG 7.1

Keeping the company's distribution systems safe is not just the responsibility of the Safety department. Since 2020, ensuring a high level of safety has become part of the annual targets of all executives, which highlights the importance of this topic to Neoenergia.

In responding to traffic accidents involving collisions with utility poles, responders prioritize incidents affecting residents, the integrity of the system and people's safety. Responder teams are deployed as promptly as possible in the event of any accident involving the company's assets, and Neoenergia has a direct hotline with law enforcement and the local fire department.

Neoenergia continuously carries out initiatives to raise public awareness about the safe use of electricity: messages on electricity bills, information through customer relationship channels, a safety hub on the Neoenergia website (www.naovacilenao.com.br), posts on social media, advertising campaigns, educational initiatives, and partnerships with trade associations.

In 2021 the company decided to make its safety campaign a year-long initiative, providing public utility information during the coverage of soccer matches by major media outlets, such as popular radio stations. This strategy provided longer time slots to deliver electrical safety information to target audiences more likely to be involved in accidents.

"Mrs. Neia", a character created to give greater visibility to safety messages and speak the language of the community, has continued to provide information about electrical safety on social media. Another communication strategy has been the use of nano and micro-influencers to introduce and disseminate messages about the safe use of electricity.

In the safety content hub, information to educate the public is divided into the most common types of accidents: building and renovations, kites, and seasonal celebrations like São João, carnival and Christmas, among others. The website includes infographics in PDF format, which can be printed and posted on bulletin boards at construction sites, for example.

The company has also developed pointers targeted to rural consumers, explaining the precautions needed when operating equipment such as harvesters and grain hopper trucks, and reminding them that slash-and-burn farming is prohibited near transmission lines, due to the risk of damaging the conductors and towers.

## CAUSES

Despite Neoenergia's many efforts to disseminate messages on electrical safety, the number of accidents involving communities increased from 92 in 2020 to 152 in 2021, and the number of fatalities increased from 56 to 109. The increase is potentially explained by the easing of lockdowns and by growth in do-it-yourself construction from the early months of the pandemic to the mid-second half of 2021. The causes of most

### ACCIDENTS INVOLVING THE PUBLIC[1] |GRI EU25, 416-2| SDG 16.3

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Number of people injured | 98 | 56 | 109 |
| Number of fatalities | 66 | 36 | 43 |
| Legal claims (general litigation)[2] | 122 | 60 | 97 |

[1] The data include injuries caused by direct or indirect contact with power systems, not including incidents involving vehicles.

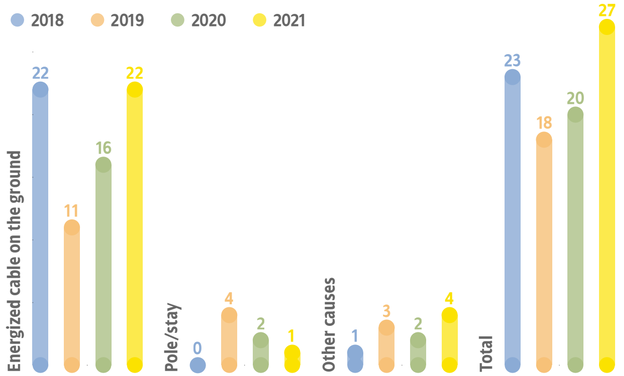
[2] Legal claims include cases of non-compliance that resulted in fines or penalties. There is no data on non-conformities that resulted in a warning or were caused by violations of voluntary codes.

accidents were non-manageable by the company's utilities (125 out of 152, a year-on-year increase of 35%), with 45% of incidents occurring in building and construction.

In hydropower operations, in 2021 Itapebi became the next of the company's hydropower dams to install a smart radar system on the dam spillway—where excess water is discharged from the reservoir. The radar monitors an area within a radius of 1 kilometer and can detect situations potentially posing a safety hazard for the public and the facility. It monitors, for example, the movement of boats and other waterborne activities near the dam. This helps to avoid accidents with potential to cause harm to communities, while also protecting Neoenergia's dam operations.

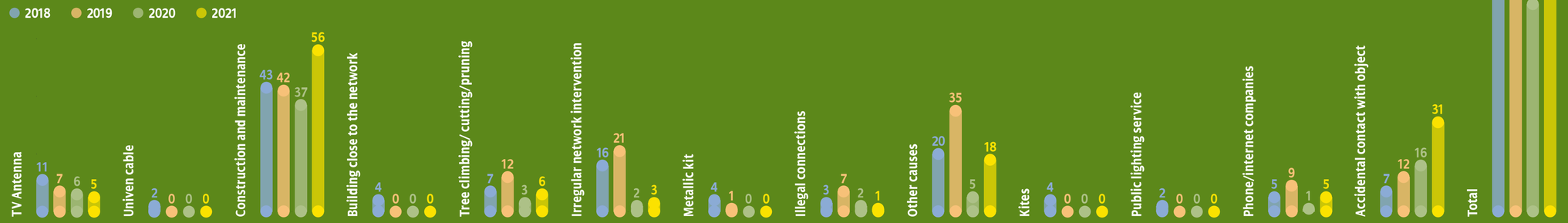
## ACCIDENTS INVOLVING THE PUBLIC

(Active causes – manageable by the company)




THE CAUSES OF MOST ACCIDENTS WERE NON-MANAGEABLE BY THE COMPANY UTILITIES (125 OUT OF 152, A YEAR-ON-YEAR INCREASE OF 35%), WITH MOST (56) INCIDENTS OCCURRING IN BUILDING AND CONSTRUCTION

## ACCIDENTS INVOLVING THE PUBLIC (Passive causes – not manageable by the company)



# Suppliers

|GRI 103-2, 103-3_204|

In procuring materials and services, Neoenergia follows a Procurement Policy to ensure the best commercial terms, assign responsibilities and delegate authority at each stage of the process. The process is managed by the Procurement, Insurance and General Services department, which reports to Neoenergia's Resources department. Contracts with service providers that serve the company's distribution utilities are managed by the Networks division.

In 2021 Neoenergia's procurement activities were significantly impacted by the global supply-chain crisis caused by the pandemic. In addition to longer lead times for materials and products, the company was also faced with higher freight costs and price markups as high as 30% for some items, such as photovoltaic panels and conductors.

In response, Neoenergia is selecting new suppliers and assessing and testing replacement materials, such as aluminum conductors instead of copper. In some cases it has been necessary to source materials from international suppliers. Still, Neoenergia's local sourcing levels have remained consistently high (99.6% to 99.3%).

The company has also implemented an expedited procurement process that uses a simplified onboarding workflow for orders not exceeding R$ 1 million, with quotes requested from two companies instead of three as in the previous approach. Orders of less than R$ 1 million account for 70% of Neoenergia's procurement processes by number of orders, but only 3% by value.

99% of purchases are from local suppliers

## SUPPLY CHAIN

Neoenergia had 5,726 registered suppliers at year-end 2021, providing technical and commercial services (such as new connections, disconnections, maintenance, right-of-way clearing, and network expansion); non-technical services (such as information technology, building maintenance, vehicle fleets, medical assistance, communication, and legal services); and materials and equipment (manufacturers, distributors).

As a general rule Neoenergia prioritizes local suppliers for general services and materials, both because they offer the most competitive prices and because of the company's commitment to developing its communities. Products such as insulators and small transformers are sourced from local partners; level A materials (such as voltage and power transformers and reclosers) are purchased from global suppliers with operations in Brazil.

The company's total procurement spend, including purchased electricity for distribution, was R$ 33.6 billion in the year, with 99% sourced from local suppliers operating in Brazil. Of these, approximately 60% are located in Bahia, São Paulo, Pernambuco and Rio Grande do Norte. |GRI 102-9, 204-1|

Of the total 955 suppliers with which Neoenergia did business in 2020, 59 are classified as core and strategic suppliers, as they represent 79% of total procurement spend and have contracts exceeding R$ 30 million. Suppliers with contracts exceeding €600,000 are classified as high risk. These suppliers are audited using an ESG questionnaire, and around 20% receive improvement plans for implementation within 12 months.

Distribution concentrates most of Neoenergia's contracts, with 45 key contractors and 14 auxiliary service providers.

# SELECTION AND SCREENING

|GRI 103-2, 103-3_308_408_409_414|

All suppliers pledge compliance with the Group's policies, rules and procedures with regard to preventing and fighting corruption, bribery, extortion and money laundering. They also complete a questionnaire that aims to identify political exposure and situations of conflict of interest or that involve non-compliance with anti-corruption legislation. All contracts signed with suppliers include anti-corruption clauses; in addition, suppliers are asked to share Neoenergia's policies and Code of Ethics and Conduct internally. Provisions concerning the Brazilian General Data Protection Regulation (BR GDPR) have also been included.

The selection of suppliers also considers social and environmental criteria (environmental, labor, human rights and impact on society), which are included in clauses in all contracts, regardless of the amount. In addition, all contracts equal to or above R$ 4 million are subject to compliance assessments. In 2021, 83% of new suppliers were screened against environmental and social criteria under contractual clauses.

Neoenergia also concluded a significant investment agreement in the year (exceeding €100 million) that included human rights clauses. |GRI 412-3, 308-1, 414-1| ■ SDG 5.2 ■ SDG 8.8 ■ SDG 16.1 ● PG2 ● PG8

In 2020 Neoenergia adopted the Go Supply platform, through which companies are rated according to sustainability criteria. Potential suppliers must complete a questionnaire including 43 questions of a social, ethical, environmental and governance nature. Companies that score more than 51 points are considered sustainable. Those that are unable to reach the minimum score are instructed on how to better follow the Group's policies through personalized improvement plans that are monitored by the Procurement team.

The company has set a target to reach a minimum of 70% of major suppliers classified as sustainable by 2022 and 100% by 2030. |GRI 308-1, 414-1|

■ SDG 5.2 ■ SDG 8.8 ■ SDG 16.1 ● PG 2 ● PG 8

In 2021 Neoenergia launched a pilot program, called *EPS Mais*, that introduced flexibility on technical criteria in order to select suppliers that are more committed to developing their workforce and creating enduring relationships with Neoenergia. As part of this program, in 2022 these suppliers will be invited to participate in Neoenergia's leadership and safety training programs, such as CIPA Kids, a training program that extends to employees' families.

Another way the company supports supplier development is through workshops on best practices for Networks contractors. The first edition was organized in December 2020, aiming to improve supplier relationships in the 2021 cycle. This workshop primarily addressed productivity, occupational health and safety and communication channels to increase work efficiency and productivity. The 2021 edition was held in August, primarily addressing the topic of financial management. During the workshop, Neoenergia created a competitiveness working group that will meet every 15 days to discuss related issues.

ALL SUPPLIERS PLEDGE COMPLIANCE WITH THE GROUP'S POLICIES, RULES AND PROCEDURES WITH REGARD TO PREVENTING AND FIGHTING CORRUPTION, BRIBERY, EXTORTION AND MONEY LAUNDERING.

Depending on the nature of the contract, an inspection is carried out at the company's facilities before the start of the contract to confirm the information provided to Neoenergia, such as working conditions, accommodations, fleet, and mandatory training, among others. Suppliers must present documents proving the fulfillment of their labor and social security obligations on a monthly basis, and are subject to an audit annually. The contract manager is also responsible for performing the inspections and evaluating the documents provided. A dedicated team is tasked with reviewing this documentation.

During the reporting period, no significant risks of incidents related to human rights violations (including child, forced or compulsory labor) were identified. Neoenergia values freedom of association and, therefore, does not interfere with or control negotiations between its suppliers and unions. Only after the conclusion of the negotiations does the group monitor the agreements, to ensure that the service providers are fulfilling their obligations. |GRI 407-1, 408-1, 409-1| ■ SDG 8.7, 8.8 ■ SDG 16.2 ● PG 3 ● PG 4 ● PG 5

# MANAGING A SUSTAINABLE SUPPLY CHAIN

All suppliers with contracts exceeding €600,000 (approximately R$ 4 million) are audited at least once every three years, and approximately 20% receive improvement action plans. Contractor assessments at its distribution utilities (Neoenergia Coelba, Neoenergia Cosern, Neoenergia Elektro, Neoenergia Pernambuco and Neoenergia Brasilia) cover three dimensions—quality, safety and administrative—with assessments conducted by rotating teams. The scores are analyzed by the Contractor Committee, which is made up of one representative from each distributor and members of corporate functions such as Safety, Legal, Procurement, and others.

The assessment serves as a parameter for the financial penalties included in contract (percentage of discount on the contractor's average earning in the last three months) and may justify, in more serious cases, the suspension of the contract. As a process improvement, contractors have been asked to develop and publish greenhouse gas emissions inventories (preferably audited), beginning in 2022.

In 2021 Neoenergia conducted a total of 70,106 audits, with suppliers receiving notices of any nonconformities and financial penalties as applicable. No contracts were terminated due to noncompliance with the Procurement Policy; however, eight contractors were subjected to financial penalties. To streamline the audit process, a software system was implemented with both a mobile and a desktop version to capture images and document scans in the field.

Due to the difficulties that many suppliers faced in 2021 as a result of the pandemic, Neoenergia adopted a contractor risk matrix comprising social, legal, operational as well as financial criteria, rated on a scale of "A" (lowest risk) to "E" (highest risk). Monthly risk ratings are based on a rolling average for the previous months. The first assessment found that most contractors had a risk rating of or close to "E". To support these suppliers in risk management, the company provided recommendations on mitigating financial risks, offered tips and tools for operations management, and plans to provide capacity building in the future.

Neoenergia also launched a contractor survey, initially at Neoenergia Coelba, to collect data about supplier satisfaction levels, process bottlenecks and the performance of contract managers. The findings from the survey informed the development of an action plan that will be implemented in 2022.

Suppliers demonstrating good practices are recognized in two award programs, one at the national level (on even years) and the other at the global level (on odd years), led by the Iberdrola Group. The 2021 award program was downscaled due to the pandemic. Under the theme RETO—meaning "CHALLENGE" in Spanish and standing for *Recuperación* (Recovery), *Energía* (Energy), *Transición* (Transition) and *ODS* (SDGs)—awards were presented in five categories: Equality (Spanish company Mapfre), Employment (Spanish company Ibermática), Digitization (British company Kirby), Energy transition (Dutch company Van Oord) and COVID Special Mention (Spanish companies Amara, Ormazabal, Iturri and Wottoline, and Danish company DSV).

**Monthly contractor risk assessment**

IN 2021 NEOENERGIA CONDUCTED A TOTAL OF 70,106 AUDITS, WITH SUPPLIERS RECEIVING NOTICES OF ANY NONCONFORMITIES AND FINANCIAL PENALTIES AS APPLICABLE.

# Society

|GRI 3103-2, 103-3_203_413| PG 1

## COMMITMENT TO LOCAL COMMUNITIES

Neoenergia uses its own and incentivized resources on initiatives that benefit the communities in the locations of its operations. Actions are carried out by different areas of the company and include energy efficiency and socioenvironmental projects managed by the businesses and Instituto Neoenergia. These activities are expanded year by year, always aiming to comply with Sustainable Development Goals (SDG). In 2021 R$ 345.4 million were invested in these projects, 7.1% more than in 2020.

Investments include infrastructure works and services that benefit local communities in the form of development programs designed by all of the companies, after a survey of the needs and expectations expressed by the population using the relationship channels. Even with no formal procedures to assess the socioeconomic impact of these activities, compensation programs and volunteer initiatives to serve the population and minimize any negative aspects that may have been identified are adopted. (*Further Impact Management Information is available on page 84*) |GRI 413-1| PG 1

In the process Neoenergia develops engagement plans for interest groups to strengthen the connection with community leaders and popular articulators. In this way the company seeks to foster expanded reflection on the importance of initiatives focused on the desired transformation and development of the communities surrounding its facilities.

NEOENERGIA SETS ASIDE ITS OWN AND INCENTIVIZED RESOURCES THAT BENEFIT THE COMMUNITIES IN THE AREAS AROUND ITS OPERATIONS.

**CONTRIBUTIONS TO SOCIETY (R$ THOUSAND)**

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Education [1] | 718 | 10,424 | 5,546 |
| Health and sanitation [1] | 0 | 4,194 | 0 |
| Culture [1.2] | 2,999 | 4,207 | 3,578 |
| Sports [1] | 0 | 1,015 | 0 |
| Other [1] | 3,884 | 50,110 | 5,936 |
| Instituto Neoenergia [3] | 1,603 | 4,773 | 4,301 |
| Social development [4] | 177,673 | 247,853 | 326,039 |
| Total [5] | 186,877 | 322,576 | 345,400 |

[1] Education, Health, Sanitation, Culture. Sports and Others include the investments by the companies of the Chafariz and Oitis Wind Farms, Calango 6, Santana 1, Santana 2, Canoas, Lagoa 1, Lagoa 2, Potiguar Sul, Afluente T, Teles Pires, Itapebi, Corumbá, Águas de Pedra, Baixo Iguaçu, Baguari, Termope, Neoenergia Elektro, Neoenergia Coelba, Neoenergia Cosern, Neoenergia Pernambuco and Neoenergia *Holding*.

[2] As of 2019 the company no longer books the ICMS funds deposited in the Pernambuco Fund for Culture and Development as contributions for society.

[3] Instituto Neoenergia includes the cost to manage the Institute and the cost of the Training and Research, Biodiversity and Climate Change, Art and Culture, Social Action, and Institutional Collaboration programs.

[4] Includes funds for the Light for All Program (Programa Luz para Todos), excluding the R$ 216,195 thousand in federal subsidies.

[5] As of 2020, institutional sponsorships are not included in contributions to society.

## SUPPORT FOR QUILOMBOLAS

|GRI 203-1| SDG 2.3 SDG 5.1, 5.5 SDG 7.1 SDG 9.4 SDG 11.4

About 100 families of the remaining quilombos of Santa Rosa and Serra do Talhado, in the hinterland of Paraíba benefit from the social and environmental actions developed by Neoenergia in recent years. The group is building solar parks and a transmission line in this region.

These are being built based on the demands of the communities themselves, valuing their protagonism and traditional ways of life. Actions include ethnic identity workshops, primers to recover the history of their communities, selective waste collection, professional training, and the development of new spaces to organize those living in the communities, such as a headquarters for the Santa Rosa Community Association, and clay pits to improve water security.

The theme of one of the workshops organized for Santa Rosa inhabitants was hoe to make dishes. Other activities for the community were medicinal plants and creating a community garden. These activities were developed to increase the productivity of the activities in the region, while respecting local knowledge and tradition.

In Serra do Trabalho inhabitants received professional training, such as a course on producing palm fronts and other species used as alternative cattle feed.

Members of Associação das Louceiras de Santa Luzia (PB), the Santa Luzia (PB) Association of Dish Makers, and their female leaders are participating in the SER Program (Health, Education, and Income),, a strategy developed with the support of Instituto Neoenergia and enabled by BNDES social sub-credit funds. Adel, the Local Economic Development Agency and a social organization active in the interior of the Northeast (known as sertão), and Neoenergia foster training on entrepreneurship, management, and sales and marketing. Neoenergia also revitalized the association headquarters premises, where dishes are produced.

SER has two more projects in the quilombola community of Cruz da Menina in Dona Inês (PB), close to the Potiguar Sul transmission line. The projects focus on access to potable water and the production and expansion of family capabilities, especially among women, with educational activities to promote citizenship and create jobs and income. This initiative includes the construction of a Quilombola Cultural Center. The goal is to strengthen crafts, rural tourism, and local foods, as well as entrepreneurship and protagonism among women.

## FOOD DONATIONS |GRI 203-1| SDG 2.3

In 2021, Neoenergia donated over 244 tons of food. This was a combination of initiatives by the company, Instituto Neoenergia, the Volunteer Program, and two hydro plants controlled by the group - Itapebi (BA) and Teles Pires (MT and PA). These are in line with the group's commitment to the Sustainable Development Goals (SDG), in particular SDG 2, which is to fight hunger and promote food security. These donations benefited vulnerable individuals in 12 states and five regions of the country. In addition to donating these baskets of food goods, Itapebi donated material to prevent Covid-19 such as hand sanitizer and masks.

The main food donation initiatives were:

**People and Sustainable Business** - Instituto Neoenergia continued the food security projects it started in 2020 distributing over 33 thousand meals or more than 16.5 tons of food donated to communities in Rio de Janeiro, Rio Grande do Norte, Bahia and São Paulo. This activity also trained small entrepreneurs in the region who produced the meals. The initiative was a partnership with Centro Integrado de Estudos e Programas de Desenvolvimento Sustentável [Integrated Center for Sustainable Development Studies and Programs], helping fight hunger and generating income during the pandemic.

**São João and Good Energy** – 130 tons of food were donated to social institutions that supported families affected by the cancellation of the traditional June festivities, suspended for the second time in 2021 due to the pandemic. Ten thousand basic baskets of goods were delivered, benefiting people in the states of Paraíba, Rio Grande do Norte, Pernambuco, Bahia, São Paulo, and the Federal District. This action was a partnership with Transforma Brasil.

**Kilo Operation** – Over 73.3 tons of food were donated in this initiative of the company's Volunteer Program Employees gathered over 43 tons of food to benefit vulnerable families served by 102 institutions and charity NGOs in over 80 cities in ten states across the country. In all, 17 thousand people were directly impacted by the donations. These donations were complemented by Neoenergia itself, which donated over 30 tons of food to Cufa (the slum organization known as Central Única das Favelas) in the states of Bahia, Pernambuco, Rio Grande do Norte, Rio de Janeiro and São Paulo.

## FLOODS IN SOUTHERN BAHIA |GRI 203-1| SDG 2.3

During the emergency caused by heavy rains in southern Bahia in December, which left thousands homeless, the Neoenergia Volunteer Program and Transforma Brazil organized an effort to gather donations among its employees to help the thousands of people who were affected and left homeless. Volunteers collected more than R$ 62 thousand in donations. To potentialize this support, Instituto Neoenergia matched these donations, bringing the total to more than R$ 124 thousand, which will be used to purchase mattresses, stoves, and other items the people need. Donations will be handed out in the first quarter of 2022.

Furthermore, the Energy Efficiency Program (DDP) donated 2 thousand refrigerators and 5 thousand efficient light bulbs to the people of Bahia impacted by the storms. These will be delivered as they arrive in the state and the cities and inhabitants benefited are defined. The company also put together a task force that doubled the number of teams in the field helping consumers affected by the disastrous situation in several parts of the state.

Initiatives to support children and adolescents

## ENVIRONMENTAL EDUCATION |GRI 203-1| SDG 7.1

Wind parks have continued their program to train teachers in socio-environmental themes, training sustainability facilitators. Lectures and workshops for adults and teachers in municipal schools surrounding the company's operational wind farms in Paraíba and Rio Grande do Norte. The following themes were addressed: The fauna (animals) in the region surrounding the Wind Parks, the Biodiversity of the Caatinga, Renewable Energies, and Animals of Medical Importance in the Caatinga.

Three courses were given in the area of influence of the Caetité Complex in Bahia - Solid Waste Management, Water Resources, and Climate Change - wit content to be replicated with students in remote activities covering these subjects. Furthermore, during the Caetité campaigns informative folders on themes such as the Importance of the Fauna, Fighting Hunting, and Solid Waste Management were distributed. *Other educational projects are described under Energy Efficiency on page 48.*

Hydro plants have their own Social Communication and Environmental Education programs for the surrounding communities. In 2021, the Itapebi, Teles Pires and Baixo Iguaçu UHEs organized monthly and/or quarterly campaigns with these programs covering the schools, institutions, and environmental departments of each city or town covered by the UHE.

"Our culture was valued and recovered, and a headquarters was built, which will serve as the basis for man platforms and many new achievements for our community. One example is the ability to sell our dishes, which will be another source of income."

**Edilene Monteiro Fernandes**, President of the Santa Rosa Community Association

# INSTITUTO NEOENERGIA

Focusing on Neoenergia's purpose to connect people, strengthen civil society networks, and contribute to reduce social inequality, since 2015 Instituto Neoenergia has had a positive impact on the communities in the Brazilian states where the company is present.

The work of the Institute follows the guidelines of the Iberdola unified Master Plan, which guides the group's foundations and institutes in its five pillars of action: Training and Research, Biodiversity and Climate Change, Art and Culture, Social Actions, and Institutional Collaboration. It also works in line with the UN SDGs, with clear targets associated with each project.

The Institute has its own governance, Board of Directors, Fiscal Board, and Executive Officers. It also participates in Neoenergia's Institutional Committee comprised of representatives from *Compliance*, Institutional Relations, External Communications, Innovation, and Sustainability. It also uses its organization to support the management and analysis of other Neoenergia socioenvironmental actions.

## TRAINING AND RESEARCH

In this pillar, education is seen as a key tool of social inclusion and to reduce inequality. Among these initiatives the Institute highlight the Balcão de Ideias e Práticas Educativas (Education Ideas and Practices) (CIEDS), the goal of which is to strengthen the training of education players by training teachers and managers in the network of municipal schools in the states of Paraíba, São Paulo, Rio Grande do Norte and Bahia, encouraging the development of new education policies that are aligned with the ten general competences of the BNCC, the national common curriculum base. In 2021 the program trained 346 education professionals, among them teachers and school managers, o the municipal teaching networks of eight municipalities. The project added a new front - advisory services, with the support of the management group of seven municipal networks, to minimize the impact of Covid-19, considering the increase in inequality and the gap in student learning. SDG 4 SDG 17

## BIODIVERSITY AND CLIMATE CHANGE

Invests in protecting the environment and on improving biodiversity, actively contributing to the fight against climate change and recovering biomes and species threatened with extinction. The main project in this pillar is Coralizar, a partnership with Brazil, Instituto Nautilus, Biofábrica de Corais, the Federal University of Pernambuco, and the Federal Rural University of Pernambuco.

**Coralizar** further explores methods to restore coral reefs, focused on two native species of builder coral. In 2021, 840 coral fragments were restored in Porto de Galinhas (PE). Another front explored Atol das Rocas (PE); researchers covered 36 kilometers of deep-water reefs, producing novel underwater maps. This initiative had the support of Desafio de Corais (Coral Reef Challenge), with university students of different parts of Brazil, encourage to find business models to ensure long-term financial sustainability in restoring coral reefs.

SDG 13 SDG 14 SDG 15 SDG 17

The **Flyways** project, a partnership with SAVE Brazil, performed at least 20 field trips, monitoring some 20 species of wetland and migratory birds in their natural habitat, helping preserve the species. This project participated in national and local forums and meetings to bring visibility to the conservation of these species in the Potiguar Basin (RN), bringing together the communities in the region, government agencies, and education departments. Furthermore, an article was published in *The Wilson Journal Ornithology*. SDG 12 SDG 13 SDG 15 SDG 17

## ARTS AND CULTURE

Considered strategic social inclusion and inequality reduction fronts, art and culture are valued by Instituto Neonergia in the form of support for preserving historical and artistic patrimony, and promoting the diversity of Brazilian culture. In 2021 were highlighted the **Transformando**

Flyways Project

**Energia em Cultura (Transforming Energy into Culture)** bid document, a program created to support sociocultural projects ant contribute to SDGs, valuing the culture of Rio Grande do Norte, and now Bahia as well. With funds from state culture incentive laws, Institute was able to support 25 projects that focused particularly on vulnerable children and youth, and on measures to safeguard and value the cultural patrimony, in addition to jo and income creation activities. SDG 1 SDG 4 SDG 8 SDG 10

The **Inspirar Award** was created to value art and culture initiatives that promote social transformation and accelerate progress towards sustainable development. In its first number the award recognized 16 initiatives led by women in Rio de Janeiro, the Baixada Fluminense, and the State of Pernambuco. One of the initiatives recognized - Entre o Céu e a Favela Expansão (Between Heaven and the Favela Expansion) was rewarded by the Rio de Janeiro Municipal Culture Incentive Law (ISS-RIO) created in 2021 to support culture in the city. SDG 4 SDG 5 SDG 8 SDG 11 SDG 17

The **Caravana Energia que Transforma (Energy that Transforms Caravan)** sponsored eight courses for 348 sociocultural managers, with four immersions serving 27 organizations. Energy The big news for the year was rolling out the project to the states of Bahia and Pernambuco, based on the experience of the Rio Grande do Norte pilot. The project's main goal is to train managers of sociocultural projects, promoting better management of the organizations and expanding opportunities to gather funds for projects, using approaches that optimize actions and impact income creation. SDG 4 SDG 8 SDG 11

The **Oficinas Culturais e Artísticas (Cultural and Artistic Workshops) (OCA) project** started in São Paulo, serving 360 youth aged 16 to 24 in Campos do Jordão, Santa Isabel and Capão Bonito, providing training in digital culture, fashion, and product design, all linked to the local vocation of each municipality, fostering possibilities to create jobs and income. SDG 4 SDG 8 SDG 11 SDG 12 SDG 17

The Institute is also a founding member of the largest program to value the cultural patrimony of Brazil, known as **Resgatando a História (Recovering History),** is looking for sources and developing the scope of the lighting project for Theatro Cinema Guarany, in Triunfo (PE). SDG 8 SDG 11 SDG 17

Finally, the **Programa de Iluminação Cultural (Cultural Illumination Program)** is looking for sources and developing the scope of the lighting project for Theatro Cinema Guarany, in Triunfo (PE). This large building was constructed in 1922, and stands out in tie city, being a major tourist attraction in the interior of Pernambuco. SDG 4 SDG 8 SDG 11 SDG 17

## SOCIAL ACTIONS

This pillar promotes a stronger third sector and, with it, human development and social inclusion of vulnerable groups. It also develops projects that take into account community needs and demands, enabling better quality of life.

These initiatives include Impactô, a Social Acceleration Program created in 2019 as a partnership with Instituto Ekloos. It focuses on strengthening Civil Society Organizations (CSOs) and impactful businesses, selected via a bid document to receive training and mentorship in management, strategy, business, and innovation. The third edition of the program focused on female leaders in the interior, close to Neoenergia's renewable generation plants. Ten organizations led by women sere selected in Dom Inocêncio, São Raimundo Nonato (PI), Casa Nova (BA), Capanema, Realeza (PR), Luziânia (GO), and Governador Valadares (MG). Company leaders may register as volunteer mentors for the acceleration process, and nine have already signed up. SDG 4 SDG 5 SDG 16 SDG 17

The Institute developed two more programs to strengthen the third sector: the Programa de Líderes de Impacto Social (Social Impact Leaders) (PLIS), a partnership with Porto Social that focuses on developing the skills of the leaders of the initiatives and projects in the Recife (PE) area. The program ran for three months, with over 91 hours of activities, training, and mentorship of 35 social leaders, indirectly benefiting some 13,150 people. The company also continued to strengthen the four organizations of the community bases in Franco da Rocha, Caieiras, Francisco Morato (SP), and Rio de Janeiro (RJ) - participants in the first year of the healthy People and Business project received direct support to further their skills and develop an engagement plan for the territories of which they are a part, via **Healthy Territories**. Each participant also received R$ 15 thousand to implement the plans developed during the project. SDG 4 SDG 16 SDG 17

2021 marked the consolidation of the **SER (Be) Program - Health, Education, and Income,** which now serves 14 communities in Paraíba and R io Grande do Norte, close to the company's wind farms and transmission lines, revitalizing the structures that provide access to water, deep wells, community windmills and cisterns, **social technology facilities** – eco-efficient stoves- involving inhabitants in several workshops about association, cooperation, water security, financial education, an d rural business management. This initiative is a partnership with ADEL, the Local Economic Development Agency, using BNDES social subcredit funds. SDG 1 SDG 2 SDG 4 SDG 6 SDG 8 SDG 10 SDG 17

This pillar includes social actions, in particular emergency measures to fight hunger, worsened by the economic crisis brought on by the COVID-19 Pandemic. The **Healthy People and Healthy Businesses project distributed 33 thousand meals in Franco da Rocha, Francisco Morato (SP), Rio de Janeiro (RJ), Salvador (BA), and Natal (RN)**, for a total of almost 68 thousand tons of food donated by the Institute to mitigate the economic effects of the pandemic on the more vulnerable populations. The Institute also participated in the São João e Boas Energias (St. John and Good Energy) campaign, mobilized by Neoenergia and Transforma Brasil, which delivered 10 thousand basic baskets of food to families in Paraíba, Rio Grande do Norte, Pernambuco, Bahia, São Paulo, and the Federal District whose income was impacted by the cancelation of the João fetes. SDG 2 SDG 8 SDG 17

## INSTITUTIONAL COLLABORATION

In this pillar, Instituto Neoenergia connects partners, fosters network strengthening, and develops initiatives on behalf of society in general that have a positive impact on sustainable development. In 2021 it invested some R$ 9.1 million in the projects under its management in 11 states and over 140 cities and towns. ■ SDg 17

### INVESTMENTS IN INSTITUTO NEOENERGIA (R$ THOUSAND)[1]

| Area of Activity | 2019 | 2020 | 2021 |
|---|---|---|---|
| Training and Research | 401 | 794 | 914 |
| Biodiversity and climate change | 344 | 653 | 606 |
| Arts and culture | 203 | 196 | 507 |
| Social Actions | 454 | 2,622 | 1752 |
| Institutional Collaboration | 21 | 19 | 20 |
| **Total** | **1,422** | **4,284** | **3,799** |

[1] Investments using Instituto Neoenergia funds, excluding management costs.

Note: Instituto Neoenergia invested more of its own funds in 2020 due to emergency measures to mitigate the impact of the pandemic.

### NEOENERGIA VOLUNTEERING

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Actions | 96 | 100 | 177 |
| Number of Volunteers | 976 | 1,493 | 1,925 |
| Hours dedicated to volunteer work | 4,796 | 4,366 | 7,030 |

## VOLUNTEERING

The Neoenergia Volunteer program always has opportunities for engagement with its proprietary online platform. The company also posts job openings directly with NGOs, in a partnership with Transforma Brasil. In 2021, a total of 177 activities involved 2,018 Neoenergia participants, totaling 7,030 hours. All actions are aligned with the UN Sustainable Development Goals.

A key engagement activity is the International Volunteering Week, ,with 1,525 employees and family members registered in 2021, interested in getting involved in one of the ten scheduled activities. Eighteen institutions benefited, impacting 2,076 people directly, and 41,298 indirectly. Activities included the Gincana do Bem to collect personal hygiene material (over 33 thousand items were donated) and children's books (over 6 thousand) to set up community libraries. Supportive sports, waste recycling and reuse, and a sympathetic photography contest were some of the week's activities.

Other highlights for the year were the Involve Projects for professional training in IT, that in 2021 had employees from Brazil and other countries participating online, helping the career development of some 38 adolescents in Instituto Amar in Natal (RJ). In previous years youth in São Paulo and Pernambuco were impacted. Vulnerable families were helped by the Kilo Operation, which collected over 43 tons of food.

"It was very gratifying to work for this. I put my soul into everything and the NGOs were very happy and grateful to see someone concerned with them. I have always helped my neighbors, and during the pandemic this side of me became even stronger, as I realized that people's pain is not occasional, but daily, so whatever I can do to help I will."

**Solange Sodré**, analyst in the Accounts Payable and Receivables Department who participated in a Plataforma Brasil effort that determine what NGOs needed most in that moment.

# IMPACT MANAGEMENT

|GRI 203-1, 203-2| SDG 1.2, 1.4 SDG 3.8, 3.9 SDG 5.4 SDG 8.2, 8.3, 8.5, 8.6 SDG 9.1, 9.4 SDG 11.2 SDG 17.3

Operations of the group's electricity companies have both a positive and negative impact on local communities. On the plus side Neoenergia provides its energy services proper, which promote economic and social development, safety, jobs, income, and businesses that become suppliers of the utilities. It also provides education, healthcare and quality of life for the population, in addition to more taxes for the government.

On the negative side, especially when it comes to the construction of power grids, the company had land use and occupancy, interference in the historical, cultural, and archaeological patrimony, pressure on land ownership, property devaluation, risks for biodiversity and overloaded public services and infrastructure.

These impacts are managed with the support of programs developed during the construction and operation phases of the ventures, and include social communication, environmental education in the community and for those working at construction sites, negotiation and compensation for establishments in the right-of-way, and priority hiring of workers who live in the communities close to the company's operations.

They also include initiatives to restore the forests of the Permanent Conservation Areas (APP) around Neoenergia's hydro plant reservoirs (*further information on Community Actions is available on page 80 under Biodiversity, on page 55*).

All hydro plants in which Neoenergia owns a stake or that are under its direct management have had an ISO 14001-certified Environmental Management System since 2019, with annual audit to renew and update this certification.

When building and implementing power grids and substations, distribution and transmission companies look for paths that will not interfere with population clusters or the environment, and meet with the communities to answer questions. Neoenergia distributors have mobile ombudsmen (consisting of a social worker and operational assistants), who also provide information about the projects underway, and welcome community comments and requests. T

The company's generation and transmission projects are preceded by public hearings with all stakeholders, including traditional populations living in the immediate surroundings. In 2021, there were no population moves to make way for works by Neoenergia to expand and improve its electricity systems. |GRI ex-EU19, ex-EU20, EU22| SDG 1.4 SDG 2.3 SDG 9.1, 9.a SDG 11.4 SDG 16.7s

## INFRASTRUCTURE |GRI 203-1| SDG 2.3 SDG 7.1 SDG 9.4 SDG 11.4

Companies support infrastructure development, provide services to local communities, and invest in environmental activities that focus on forest restoration and conservation in three Brazilian biomes - the Amazon, Cerrado, and Atlantic Forest. The main initiatives in 2021 were:

- **UHE Itapebi** – Completion of the first phase of the sanitation work in Salto da Divisa, a R$ 2.6 million investment. The second phase will start in mid 2022, after the environmental permits have been issued.
- **UHE Baixo Iguaçu** – Redoing the dirt road that goes to the power plant and the access ways to the Realeza Collective Rural Resettlement, helping build the Capitão Leônidas Marques Municipal Hospital, donation of bricks to rebuild the walls of municipals schools in Capanema. These projects totaled R$ 503.5 thousand.
- **UHE Teles Pires** – Better access to the properties surrounding the reservoir, a R$ 297.6 thousand investment.
- **Santa Luzia Transmission –** Construction of the headquarters of the community association of the Santa Rosa quilombos, in Boa Vista (PB).

# ACCESS TO ENERGY

|GRI 103-2, 103-3, ex-EU23| SDG 1.4 SDG 7.1 SASB IF-EU-240a.4

## LIGHT FOR EVERYONE

With investments totaling R$ 583,99 million in 2021 - R$ 326,04 million of which from Neoenergia Coelba and R$ 257.95 million in federal government subsidies -, Neoenergia contributes to make significant contributions to ensure universal access to electricity in rural Bahia. It has also met its commitment to UN SDG 7 - clean energy that is accessible to all.

Neoenergia completed 16,966 connections in 2021, totaling 686,090 customers connected to the power grid in 415 cities in Bahia (two cities are not part of Neoenergia Coelba's concession area) in the 17 years of the Light for All Program, exceeding the target of 685,300 hookups.

The company still has to connect 30,389 people to the power grid, this is 0.2% of the population in the Neoenergia Coelba concession area, estimated to be 14.9 million people in 2021. The target is to have universal access, or 716.4 thousand hookups in the state by 2022. The other four distributors have completed their universal access target. |GRI EU26| SDG 1.4 SDG 7.1

IN 2021 16,966 HOOKUPS WERE COMPLETED, TOTALING 686,090 CUSTOMERS CONNECTED TO THE POWER NETWORK IN 415 CITIES AND TOWNS IN BAHIA.

## SOCIAL RATE

The so-called Social Power Rate is a power bill discount the Federal Government grants to low income families registered in the Single Registry, or where one of the members of the household is a beneficiary of the so-called Continued Benefit (Benefício de Prestação Continuada - BPC). This discount ranges from 10 to 65% for a maximum consumption of 220 kWh, depending on the monthly power use by each household. Between April and June 2020, the most critical months of the pandemic, this discount was 100% due to Provisional Measure 950/2020.

To help households who have a right to this benefit, Neoenergia automatically added thousands of consumers, checking the data in its contracts against the data in CadÚnico, which Aneel sends to the utilities from time to time. In addition to proactive registration in the Social Rate (Tarifa Social), the four distributors answer requests made by the customers themselves, either on the Neoenergia site or via WhatsApp. In this way the company included 733 thousand consumers in the Social Rate in the past two years. These new customers increased the number of households in the database by 7% to 3.3 million.

In late 2021, 3.3 million consumer units served by the five Neoenergia distributors were low-income, accounting for 23.5% of all residential customers (24.2% in 2020).

**R$ 584**
**MILLION INVESTED IN UNIVERSAL POWER**

### CUSTOMERS ELIGIBLE FOR THE LOW-INCOME SOCIAL RATE


NEOENERGIA

# Regulatory Environment

Brazil's power sector has continued to offer a wealth of opportunities for growth, with attractive returns and a well-developed regulatory environment, despite the lingering effects from the pandemic in 2021 (especially inflation, unemployment and shrinking incomes).

These impacts, compounded by the water crisis, caused energy costs to rise substantially in the period, adversely affecting consumers. To mitigate impacts on electricity users, the Brazilian Federal Government and distribution utilities sought solutions to soften the resulting rate increase from more than 20% to close to 10%. Several measures were implemented, such as passing on to customers the benefits from PIS/COFINS tax credits.

Campaigns were also launched to encourage energy savings and energy efficiency. Part of the cost increase affected distribution utilities' cash position, as the dry-season rate tiers and drought surcharge were insufficient to cover the added cost. The difference will be carried forward to future rate adjustments and funded by a Drought Account created under Executive Order 1,078 (dated December 13, 2021).

During the year, hydroelectric plants participating in the Energy Reallocation Mechanism (MRE) generated a reduced power output, which was partly offset by mechanisms introduced by the regulator (renegotiation of hydrological risk and new system services charges).

The water crisis is among the issues that have underscored the importance of advancing power-sector regulatory reform (including two bills of law currently under discussion, Law no. 414/2021 and Law no. 1,917/2015), introducing structural solutions to better allocate risks and reduce cross-subsidies and subventions. Executive Order 998/2020, later converted into Law no. 14,120/2021 on March 1, 2021, has taken steps in this direction by eliminating discounts on grid-use charges for alternative sources, while maintaining existing contracts. Other progress has included the micro- and mini-distributed generation framework, which limits cross-subsidies in the current compensation system.

The new framework not only opens the market to give consumers a wider pool of electricity suppliers to choose from, but also introduces charges to address existing asymmetries and the separation of regulated distribution and trading activities. These discussions are currently ongoing and should continue into 2022.

## RATE-SETTING PROCESSES

In April 2021 the Brazilian power sector regulator, ANEEL, approved rate adjustments for Neoenergia Coelba, with an average increase for consumers of 8.98%; and for Neoenergia Cosern, with an average increase for consumers of 8.96%. The use of tax credits deriving from a Supreme Court decision to exclude ICMS tax from the PIS/COFINS tax base, and the use for rate affordability purposes of revenue from surplus demand and surplus reactive energy recognized as of March 2021, have both helped to reduce the average impact on consumers, while Component B adjustments have been fully effective since the date they were approved.

Also in April, ANEEL approved the 5th Periodic Rate-Setting Review for Neoenergia Pernambuco, with an average increase for consumers of 8.99%. The use of tax credits deriving from the exclusion of ICMS tax from the PIS/COFINS tax base, the re-profiling of the Backbone Grid and the COVID Account, helped to mitigate the net impact on consumers. The approved Net Regulatory Asset Base reflects the full amount of investments made. In terms of the Total Regulatory Losses that have been factored into the approved rate, ANEEL approved a percentage of 15.1% of inflowing electricity.

The rate adjustment approved for Neoenergia Elektro created an average increase for consumers of 11.49%, effective as from August 2021. The use of tax credits deriving from the exclusion of ICMS tax from the PIS/COFINS tax base, and the use for rate affordability purposes of surplus demand and surplus reactive energy recognized as of July 2021, have both helped to reduce the average impact on consumers, while Component B adjustments have been fully effective since the date they were approved.

The 5th Periodic Rate-setting Review for Neoenergia Brasilia, creating an average rate increase for consumers of 11.10%, became effective on October 22, 2021. Reversal of the residual COVID Account balance, the use of tax credits deriving from the exclusion of ICMS tax from the PIS/COFINS tax base, the deferral of electricity purchases from Itaipu, and financial offsets of the Drought Surcharge, helped to reduce the average impact on consumers.

BRAZIL'S POWER SECTOR HAS CONTINUED TO OFFER A WEALTH OF OPPORTUNITIES FOR GROWTH, WITH ATTRACTIVE RETURNS AND A WELL-DEVELOPED REGULATORY ENVIRONMENT

# Operating Performance

Neoenergia has three strategic segments: Networks (Transmission & Distribution); Renewables (wind and hydro) and Liberalized (thermal generation, electricity trading and services). In March 2021, distribution utility CEB-D—recently acquired in a privatization auction—became a wholly-owned subsidiary of the Group, and was renamed Neoenergia Brasilia. As a result, the group's total assets stood at R$ 30.42 billion at year-end, an increase of 24.8% on 2020. |GRI 102-7|

Jalapão: Miracema–Gilbués II–Barreiras II TL

## TRANSMISSION & DISTRIBUTION

This business comprises the group's distribution and transmission operations, which accounted for 96.5% of the Group's revenue and 90.2% of EBITDA in 2021. Neoenergia's transmission and distribution lines cover a total of 691,818 kilometers in the Northeast, Southeast and Midwest of Brazil.

### TRANSMISSION AND DISTRIBUTION LINES IN OPERATION |GRI EU4| SASB IF-EU-000.C

| | Neoenergia consolidated | | | Distribution | | | Transmission | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| Transmission lines (230 kV + 500 kV) | 679.2 | 1,045.1 | 2,334.0 | 0.0 | 0.0 | 0.0 | 679.2 | 1,045.1 | 2,334.0 |
| Overhead | 679.2 | 1,045.1 | 2,334.0 | 0.0 | 0.0 | 0.0 | 679.2 | 1,045.1 | 2,334.0 |
| Underground | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Sub-transmission lines (69 kV + 138 kV) | 19,147.1 | 20,262.4 | 21,360.7 | 19,147.1 | 20,262.5 | 21,360.6 | 2,315.6 | 0.0 | 0.0 |
| Overhead | 19,115.1 | 20,223.0 | 21,194.9 | 19,115.1 | 20,223.0 | 21,194.9 | 2,314.8 | 0.0 | 0.0 |
| Underground | 32.0 | 39.3 | 165.7 | 32.0 | 39.3 | 165.7 | 0.8 | 0.0 | 0.0 |
| Distribution lines (medium and low voltage) | 620,590.6 | 634,624.0 | 668,123.4 | 620,590.6 | 634,624.1 | 668,123.5 | 115,391.4 | 0.0 | 0.0 |
| Overhead | 619,907.3 | 633,910.7 | 665,129.0 | 619,907.3 | 633,910.7 | 665,129.1 | 115,282.8 | 0.0 | 0.0 |
| Underground | 683.3 | 713.4 | 2,994.4 | 683.3 | 713.4 | 2,994.5 | 108.6 | 0.0 | 0.0 |

## DISTRIBUTION

Neoenergia's five distribution utilities ended 2021 with 15.74 million active customers, an expansion of 1.4 million customers or 10.2%. Neoenergia Brasilia added 1.1 million customers in the year. Distribution operations are concentrated in the Northeast, Southeast and Midwest of Brazil, and are the Group's main business.

The group's five distribution subsidiaries are Neoenergia Coelba (Bahia), Neoenergia Pernambuco (formerly Celpe/Pernambuco), Neoenergia Cosern (Rio Grande do Norte), Neoenergia Elektro (São Paulo and Mato Grosso do Sul) and Neoenergia Brasilia (DF).

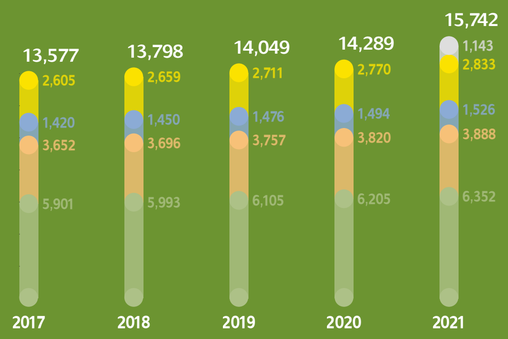
Electricity distribution in the captive and free markets totaled 66,257 GWh in the year, up 6.2% on the previous year. Not including electricity distributed by Neoenergia Brasilia in 2020, prior to its integration into the Group, the increase would have been by 16.2%. The consumption growth is explained by the company's growing customer base, higher temperatures in the service areas of Neoenergia Brasilia, Neoenergia Coelba and Neoenergia Cosern, and the economic upturn after pandemic restrictions were lifted.

### NEOENERGIA DISTRIBUTION COMPANIES – 2021

| | Neoenergia consolidated | Neoenergia Coelba | Neoenergia Pernambuco | Neoenergia Cosern | Neoenergia Elektro | Neoenergia Brasilia |
|---|---|---|---|---|---|---|
| Customers (thousand) | 15,741,293 | 6,351,840 | 3,888,085 | 1,525,598 | 2,832,897 | 1,142,873 |
| Population served (million) | 37,620,214 | 14,985,284 | 9,674,793 | 3,560,903 | 6,304,909 | 3,094,325 |
| Service area (thousand km²) | 842,387 | 563,380 | 98,475 | 52,810 | 121,961 | 5,761 |
| Number of municipalities | 996 | 417 | 184 | 167 | 228 | 1 |
| Market (GWh/year) [1] | 66,257 | 21,264 | 14,608 | 6,032 | 18,715 | 5,638 |
| Average consumption per customer (kWh/month) | 351 | 279 | 313 | 329 | 551 | 411 |

[1] Captive and free markets.

### CHANGES IN ACTIVE CUSTOMERS




### DISTRIBUTED ELECTRICITY (GWh)

| | 2019 | | | 2020 | | | 2021 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Captive | Free | Total | Captive | Free | Total | Captive | Free | Total |
| Neoenergia Coelba | 17,166 | 4,063 | 21,229 | 15,667 | 4,305 | 19,972 | 16,355 | 4,909 | 21,264 |
| Neoenergia Pernambuco | 11,009 | 3,242 | 14,251 | 10,307 | 3,512 | 13,819 | 10,614 | 3,994 | 14,608 |
| Neoenergia Cosern | 4,704 | 1,078 | 5,782 | 4,499 | 1,134 | 5,633 | 4,607 | 1,425 | 6,032 |
| Neoenergia Elektro | 11,062 | 6,596 | 17,659 | 10,875 | 6,727 | 17,602 | 10,883 | 7,832 | 18.71 |
| Neoenergia Brasilia[1] | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | 4,507 | 1,131 | 5,638 |
| **Total** | **43,942** | **14,979** | **58,918** | **41,348** | **15,678** | **57,026** | **46,966** | **19,291** | **66,257** |

[1] Neoenergia Brasilia was integrated into the Group in March 2021.
N.A. – Not applicable

Residential consumption increased across all distribution utilities to a total of 22,714 GWh (+ 1.7%), reflecting a growing customer base and the economic recovery. Consumption in the captive industrial segment declined by 3.9%. Captive commercial consumption grew by 3.1%, a telltale sign of economic recovery, while rural consumption increased by 13.9% on the back of an expanding agribusiness sector and higher demand for irrigation.

To better protect the security of its digital assets, in 2021 Neoenergia invested in an upgrade of its Smart Grid Management Center (CEGRI) in Salvador, northeastern Brazil, which manages telecommunications and smart grid operations across Group distribution companies.

This means that all digital equipment used in the company's network operations—a fleet of 75,000 reclosers, meters, sensors and smart transformers—is now managed from CEGRI. The center, which will help to improve the performance of Group assets, is integrated with the Iberdrola Innovation Center in Qatar, where supercomputers run analyses of equipment data to predict equipment failure and incidents, and inform predictive maintenance.

## LOSSES

Electricity losses are measured as the 12-month ratio of injected electricity to invoiced electricity. As measured by this approach, total losses continued on a downward trend from 2020 across the company's five service areas. Neoenergia Cosern and Neoenergia Elektro were below their regulatory loss caps (9.78% compared to a loss cap of 10.74%, and 6.55% compared to a loss cap of 8.02%).

The three other utilities exceeded their regulatory loss caps: Neoenergia Coelba: total losses fell for the fifth consecutive quarter, coming close to the regulatory loss cap of 14.26%; Neoenergia Pernambuco: 17.13% (versus 15.18%); Neoenergia Brasilia 12.98%, down 0.33 p.p. from the third quarter and 1.13 p.p. from the second quarter, reflecting a turnaround and related management improvements being implemented at Neoenergia. Neoenergia uses a wide range of measures to help reduce losses, such as customer inspections and blitzes (including the use of satellite imagery), replacement of obsolete or potentially malfunctioning meters, normalization of illegal connections, public lighting surveys and inspections, and other measures to reduce technical and administrative losses.

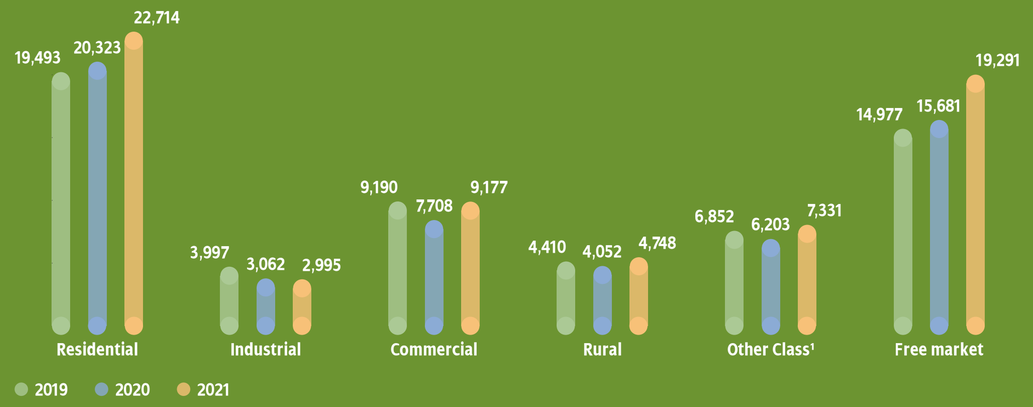
In 2021 Neoenergia began monitoring losses in transmission.

### TRANSMISSION LOSSES – 2021 |GRI EU12|

| Asset | GWh | % |
|---|---|---|
| Afluente T | 66.7 | 1 |
| Narandiba | 2.43 | 0 |
| Potiguar Sul | 17 | 1 |
| Dourados | 18.34 | 1 |

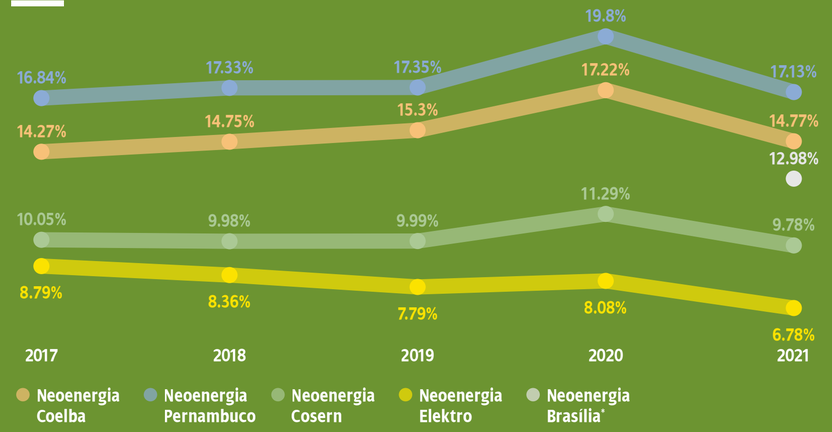
Not applicable to Atibaia, Biguaçu and Sobral, which are offset.

### VOLUME BY SEGMENT – CAPTIVE AND FREE MARKET (GWh)




¹ Government, public lighting, public services and self-consumption consider Neoenergia Brasília only from 2021.

### TOTAL LOSSES |GRI EU12|




¹ Neoenergia Brasília was incorporated in March 2021.

## QUALITY

Quality of supply is primarily measured in terms of outages: System Average Interruption Duration Index (SAIDI) per Consumer and System average interruption frequency index (SAIFI) per Consumer, two measures of outages occurring in the distribution system. In 2021, all of Neoenergia's distributors remained below the regulatory limits for these two indicators.

This strong performance is partly attributable to self-healing systems that minimize outages in the event incidents such as tree branches falling onto power lines. In 2021, 1,200 pieces of equipment had self-healing capabilities across Neoenergia's five distribution utilities. By using this technology, the number of outages is reduced, and in the event of an outage, power can be restored in up to 60 seconds. Neoenergia has a fleet of 14,000 reclosers, of which 26% have self-healing capabilities, in 536 municipalities across five states and the Federal District.

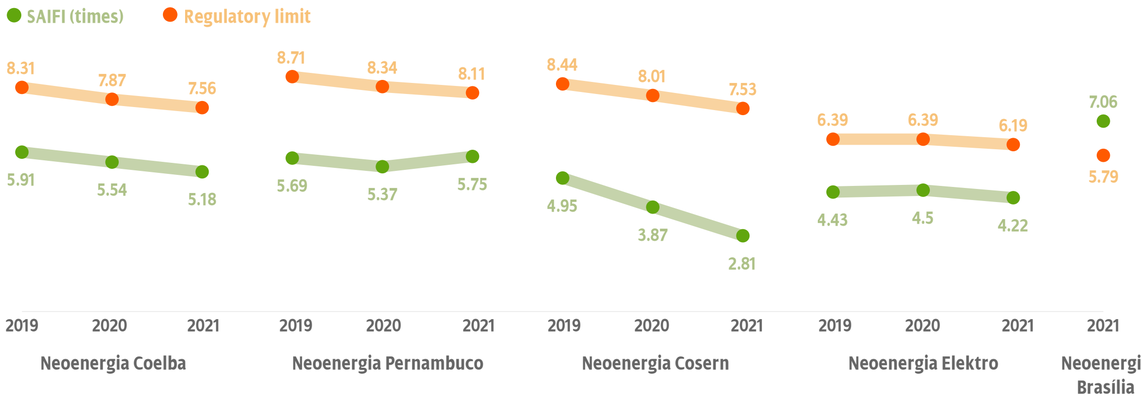
Neoenergia Coelba, Neoenergia Pernambuco, Neoenergia Cosern and Neoenergia Elektro are all below the regulatory limit for both EOD and EOF. In the case of Neoenergia Brasilia, although its outage indicators are not yet below the regulatory limit, there has been improvement in EOD performance since the company was taken over by Neoenergia, while EOF has remained in line with regulatory limits.

## TRANSMISSION [GRI 102-10]

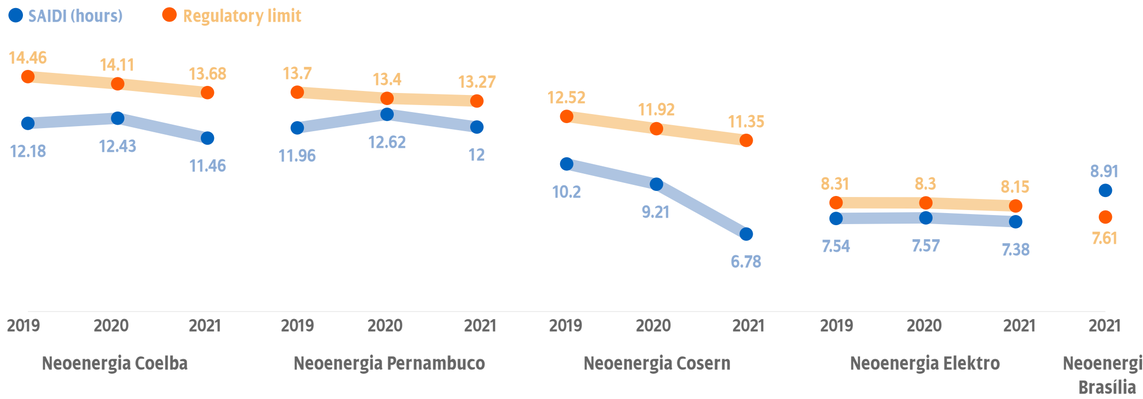
In December 2021 Neoenergia bid successfully for Lot 4 in ANEEL's recent transmission auction, in line with its strategy for the Brazilian power sector and its commitment to creating value for shareholders. This lot has a Permitted Annual Revenue (RAP) of R$ 37.1 million, with negative goodwill of 58.63%, and comprises a substation in Ibiraci (MG) as well as three synchronous compensators. Since 2017, Neoenergia has successfully bid for 13 assets and transmission projects.

At year-end Neoenergia had eight transmission assets in operation (Afluente T, Narandiba, Potiguar Sul, Atibaia, Biguaçu, Sobral, Dourados, and Santa Luzia), comprising a total 2,334 kilometers of transmission lines and 11 substations. In August 2021 Neoenergia brought online the last 169-kilometer section of the transmission line within the Dourados project in Mato Grosso do Sul.

### SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX (SAIFI) [GRI EU28] SDG 1.4 SDG 7.1 SASB IF-EU-550a




### SYSTEM AVERAGE INTERRUPTION DURATION INDEX (SAIDI) [GRI EU29] SDG 1.4 SDG 7.1 SASB IF-EU-550a



The company completed the project awarded in the April 2017 auction approximately 15 months ahead of the schedule agreed with ANEEL and 20% below the budget originally estimated by the regulator. Neoenergia also commissioned two sections of Lot 6 of the December 2017 auction (Santa Luzia/PB), a total of 345 km of transmission lines. |GRI 102-2|

These sections were completed 21 months and 16 months ahead of the agreed schedule, respectively, with the project becoming fully operational in November. The Santa Luzia operation will transport the power output from renewable generation assets in the region, where Neoenergia already operates three wind farms and has recently commissioned another 15 within the Chafariz wind cluster. The Luzia solar farm, the company's first centralized photovoltaic generation project, which began construction in May, is also located in the region *(see inset)*.

Neoenergia's Jalapão project started operation in January 2022. The 500 kV Miracema–Gilbués II–Barreiras II transmission line, running 728 kilometers long, is the largest operated by Neoenergia, traversing the states of Tocantins, Maranhão, Piauí and Bahia. The Jalapão lot has a total annualized Permitted Annual Revenue (RAP) of R$ 149 million and was completed 15 months ahead of schedule and with 34% savings on CAPEX compared to ANEEL estimates. With this lot, Neoenergia has now completed the full suite of projects awarded in the April 2017 auction, an average of 15.6 months ahead of the schedule agreed with ANEEL and 33% below the CAPEX budget originally estimated by the regulator.

## NEW PROJECTS

Neoenergia has another seven transmission projects under development and construction across Brazil's five major regions, all of which made significant progress in 2021 despite the length of time taken to secure environmental licenses due to the pandemic. These projects all incorporate state-of-the-art transmission technology. In Rio Grande do Sul, southern Brazil, two synchronous compensators have been installed at the substations within Lot 14. These devices are designed to improve stability, quality and reliability, and are the first of their type to be installed in the company's Brazil operations. Also in the south of Brazil, mobilization began for the Lagoa dos Patos project, consisting of a 236-kilometer transmission line and two substation upgrades.

In Campinas, southeastern Brazil, Neoenergia's newly remodeled and upgraded Transmission Operations Center (COT) was brought online during the year. The facility now has a modern architectural design and state-of-the-art infrastructure, improving asset monitoring and operation efficiency through the use of high-performance human-machine interfaces (HMIs), operator training simulators and an integrated operation and maintenance system. The project will also improve the capabilities and performance of the operations team, increasing the reliability of the company's transmission systems.

Further information about Transmission assets is available in the Disclosures supplement.

NEOENERGIA HAS ANOTHER SEVEN TRANSMISSION PROJECTS UNDER DEVELOPMENT AND CONSTRUCTION ACROSS THE FIVE MAJOR REGIONS OF BRAZIL, ALL OF WHICH MADE GOOD PROGRESS IN 2021

### TRANSMISSION ASSETS UNDER CONSTRUCTION

| | | | | RAP (R$ million) [1] | ANEEL CAPEX (R$ million) | Startup |
|---|---|---|---|---|---|---|
| Dec 2018 Auction | Lot 2 - Guanabara | | 2 500 kV TLs, 1 substation | 117 | 1,331 | March 2024 |
| | Lot 3 - Itabapoana | | 1 500 KV TL | 69 | 754 | March 2024 |
| | Lot 1 - Vale do Itajaí | | 3 252 kV TLs, 3 230 kV TLs, 4 substations | 194 | 2,792 | March 2024 |
| | Lot 14 - L. dos Patos | | 2 525 kV TLs, 2 230 kV TLs, 1 substation | 121 | 1,215 | March 2024 |
| December 2019 | Lot 9 - Rio Formoso | | 2 500 kV TLs | 18 | 303 | March 2024 |
| December 2020 | Lot 2 - M.do Chapéu | 2% | 3 500 kV TLs, 1 230 kV TL, 1 substation | 160 | 1,997 | March 2026 |
| December 2021 | Lot 4 - TBD | 0% | 1 substation, 3 compensators | 37 | 661 | March 2026 |

[1] RAP: Permitted Annual Revenue

## AVAILABILITY

The National Grid Operator (ONS) has established a standard availability level of between 95% and 98%. Transmission system availability informs ANEEL's quality of service metrics. In the last three years, the group's transmission companies have maintained availability levels exceeding the threshold required by the ONS.

### TRANSMISSION AVAILABILITY RATE

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Afluente T | 99.88% | 99.97% | 99.96% |
| Narandiba [1] | 99.94% | 99.97% | 99.99% |
| Extremoz II [1] | 100.00% | 100.00% | 99.99% |
| Brumado II [1] | 99.94% | 99.97% | 99.99% |
| Potiguar Sul | 99.68% | 99.93% | 100% |
| Dourados | n/a | 100.00% | 100% |
| Santa Luzia | n/a | n/a | 100% |
| Jalapão | n/a | n/a | - |
| Atibaia | n/a | 99.99% | 100% |
| Biguaçu | n/a | 100.00% | 100% |
| Sobral | n/a | 100.00% | 100% |

[1] Narandiba comprises 3 substations: Narandiba, Extremoz II and Brumado II.

IN THE LAST THREE YEARS, THE GROUP'S TRANSMISSION COMPANIES HAVE MAINTAINED AVAILABILITY LEVELS EXCEEDING THE THRESHOLD REQUIRED BY THE ONS

## LARGEST PROJECT IN OPERATION

Completed 15 months ahead of the schedule agreed with the regulator, the Jalapão transmission line, which Neoenergia bid for successfully in the 2017 auction, started operation in January 2022. This is Neoenergia's largest transmission line currently in operation, running a total length of 728 kilometers through the states of Tocantins, Maranhão, Piauí and Bahia. The project is designed to expand transmission capacity in the North and Northeast, transporting the power output from the Belo Monte Dam, an asset in which Neoenergia has an interest. Construction of the transmission line created more than 2,000 jobs and social and environmental benefits for local communities. Among other initiatives, Neoenergia provided a solution for the environmental liabilities created by the project, which had been abandoned five years prior to its acquisition by Neoenergia, along with its temporary worksite facilities. Part of the collected materials, especially steel, has been sold and the proceeds used to purchase more than 900 grocery packages for donation to disadvantaged communities.

# RENEWABLES

Neoenergia's total assets in operation and under construction comprise 44 wind farms, 7 hydroelectric dams (including 6 controlled by Neoenergia) and 2 solar farms, with a total installed capacity of 4,695.1 MW, including 3,030.6 MW in hydro capacity, 1,515.5 MW in wind capacity and 149 MWp in photovoltaic capacity. Neoenergia's operational assets have maintenance and safety programs that ensure operational stability and reliability, and are operated remotely from an Operation Center in Rio de Janeiro (RJ). [GRI 102-2]

## WIND FARMS [GRI 102-10]

Neoenergia currently has 32 wind farms in operation, with an installed capacity of 984 MW: Arizona I; Caetité I, II and III; Calango I, II, III, IV, V and VI; Mel II; Santana I and II; Canoas; Lagoa I and II; Rio do Fogo, and the Chafariz wind cluster. In addition, the company has 12 wind farms under construction within the Oitis wind cluster in Piauí and Bahia, with a total installed capacity of 566.5 MW.

The Chafariz wind cluster became partially operational in July 2021, 17 months ahead of schedule under its contract in the Regulated Market (ACR). The project became fully operational in January 2022, whereas the company's Business Plan originally estimated it would start operation at year-end. The project's installed capacity of 471.2 MW generates enough electricity for 1 million people. It is currently Neoenergia's largest wind farm project in Brazil, and has nearly doubled the size of its wind portfolio. The company's current wind assets have a total installed capacity of 1.6 GW as of 2022, with 51% selling their output on the Regulated Market (ACR) and 49% on the Free Market (ACL), in line with its strategy to capitalize on the liberalization of Brazil's power sector.

Neoenergia's wind farms had an availability rate greater than 97%, higher than initially expected and the best rate among wind assets owned by the Iberdrola Group. The index drops to 66% considering the Chafariz Complex, for which zero availability was reported, as the data are not yet fully integrated into the control. The wind farms generated 2,313 GWh in the year, an increase of 23.2% from the previous year.


Wind turbines in the Chafariz wind cluster

## SOLAR FARMS

The Luzia solar farm in Paraíba has an installed capacity of 149 MWdc (120 MWac). Its entire output is sold on the free market, and 100% of its capacity is currently committed through 2026. The facility operates in synergy with the Chafariz wind cluster, and the Santa Luzia transmission line has already been partially commissioned and has secured a construction license, permits from the Brazilian Historic and Artistic Heritage Institute (IPHAN) and qualification for the Special Tax Incentive Scheme for Infrastructure Development (REIDI) for the remainder of the lot. Construction began in May 2021, and the project is expected to come online in the second half of 2022.

NEOENERGIA HAS DIRECT AND INDIRECT STAKES IN SEVEN HYDROELECTRIC POWER PLANTS WITH AN AGGREGATE INSTALLED CAPACITY OF 3,030.6 MW

## HYDROELECTRIC POWER PLANTS

Neoenergia has direct and indirect stakes in seven hydroelectric power plants (HPP)—Itapebi, Corumbá, Baguari, Dardanelos, Teles Pires, Baixo Iguaçu and Belo Monte—with an aggregate installed capacity of 3,030.6 MW and a guaranteed capacity of 6,172.1 MW. Hydropower output in 2021 was 9,622 GWh, up 9.3% on the previous year.

In 2021 the hydroelectric facilities followed stringent maintenance programs to prevent unscheduled shutdowns and maintain their maximum availability as required by the National Grid Operator (ONS) in order to mitigate the effects from the water crisis and hydrological risk. The company also initiated the integration of the Hydro Operations Center (COS) with the Wind Operations Center (CORE), creating a unified Renewables Operation Center that combines the know-how and technology of the two segments to enhance efficiencies, operational safety and cross-synergies.

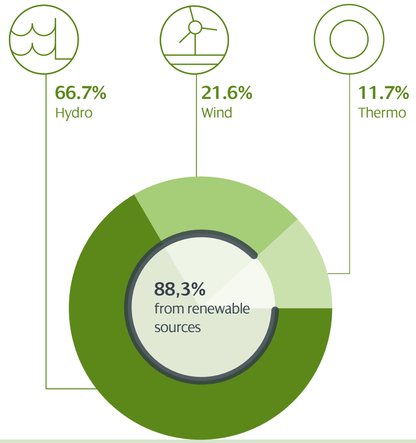
In 2021 the company conducted an environmental and engineering assessment, with the consent and approval of the environmental regulator, IBAMA, toward the removal of the weir in the tail race at the Teles Pires dam in order to extraordinarily increase the guaranteed capacity of the dam by 8.7 MWa.

One of the standout investments in innovation in the year was a project, called SIPROH, that introduced a new system for analyzing and monitoring generator shutdowns. The system uses machine learning tools to predict faults and thus improve productivity, reliability and availability. Another R&D project developed an autonomous system for measuring river discharge. The system will improve the reliability of hydrological data at the company's dams, and will support faster and more accurate measurements of discharge rates. At the Itapebi and Baixo Iguaçu dams, Neoenergia developed maps of the reservoir bed using sonar systems on the water surface.

During the year, the company conducted an assessment and initiated implementation of an asset management system conforming to ISO 55001, designed to improve control of equipment lifecycles and optimize maintenance costs. Neoenergia also implemented a multi-site Integrated Management System (IMS, conforming to ISO 9001, 14001 and 45001) that in addition to its power plants (which currently have individually certified IMSs) will now also cover the parent company's offices in Rio de Janeiro, where Neoenergia's Hydropower Division is based. The new IMS will be certified in 2022.

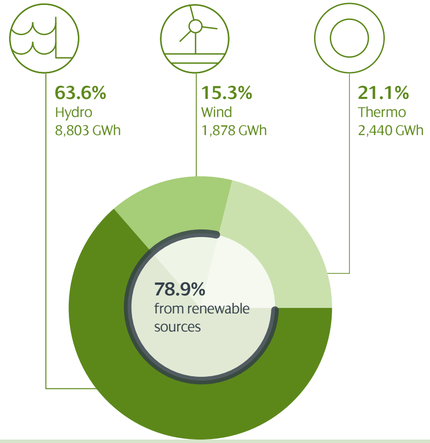
## INSTALLED CAPACITY BY SOURCE (GWh)

GRI EU1 | SDG 7.2



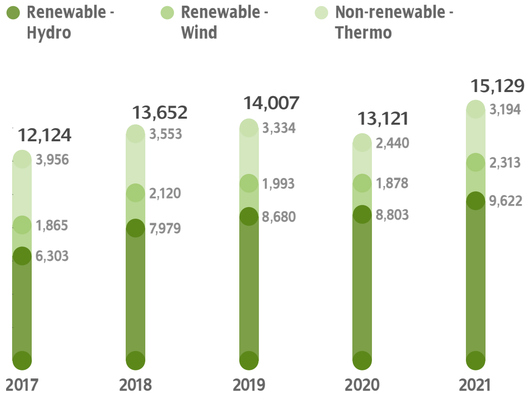

## GENERATION OUTPUT BY SOURCE

GRI EU2 | SDG 7.2 | SDG 14.3, SASB IF-EU-000.D




## GENERATION OUTPUT BY SOURCE (GWh)

GRI EU2 | SDG 7.2 | SDG 14.3, SASB IF-EU-000.D




## INSTALLED CAPACITY BY SOURCE (MW)

GRI EU1 | SDG 7.2

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Renewables | 3,546 | 3,550 | 4,015 |
| Onshore Wind | 516 | 515.8 | 984 |
| Offshore Wind | 0 | 0 | 0 |
| Hydro | 3,031 | 3,031 | 3,031 |
| Mini-hydro | 0 | 0 | 0 |
| Solar and other | 0 | 0 | 0 |
| Nuclear | 0 | 0 | 0 |
| Gas combined cycle | 533 | 533 | 533 |
| Diesel | 5 | 5 | n/a |
| Cogeneration | 0 | 0 | 0 |
| Coal | 0 | 0 | 0 |
| **Total Neoenergia [1]** | **4,084** | **4,092** | **4,547** |

[1] Not including Neoenergia Pernambuco's Tubarão power plant in Fernando de Noronha, which has an installed capacity of 4.8 MW that is supplied to the island as a standalone system.

## GENERATION OUTPUT BY SOURCE (GWh)

GRI EU2 | SDG 7.2 | SDG 14.3, SASB IF-EU-000.D

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Renewables | 10,673 | 10,681 | 11,935 |
| Onshore Wind | 1,993 | 1,878 | 2,313 |
| Offshore Wind | n/a | n/a | n/a |
| Hydro | 8,680 | 8,803 | 9,622 |
| Mini-hydro | n/a | n/a | n/a |
| Solar and other | n/a | n/a | n/a |
| Nuclear | n/a | n/a | n/a |
| Gas combined cycle | 3,334 | 2,440 | 3,194 |
| Diesel | 21.91 | n/a [1] | n/a [1] |
| Cogeneration | 0 | n/a | n/a |
| Coal | n/a | n/a | n/a |
| **Total Neoenergia [1]** | **14,007** | **13,121** | **15,129** |

## CHANGES IN INSTALLED CAPACITY (MW)

GRI EU10 | SDG 7.1

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | Installed | Under construction | Installed | Under construction | Installed | Under construction |
| Hydro | 3,030.6 | 0 | 3,030.6 | 0 | 3,030.6 | 0 |
| Thermal [1] | 532.8 | 0 | 532.8 | 0 | 532.8 | 0 |
| Wind | 515.8 | 1,037.7 | 515.8 | 1,037.7 | 984 | 566.5 |
| Photovoltaics | 0.0 | 0.0 | 0.0 | 149.3 | 0.0 | 149.3 |
| **Total Neoenergia** | **4,083.9** | **1,037.7** | **4,079.2** | **1,187.0** | **4,547.4** | **715.8** |

[1] Not including the Tubarão thermal power plant in Fernando de Noronha, which supplies power to the island as a standalone system.

## AVERAGE AVAILABILITY IN GENERATION (%)

GRI EU30 | SDG 1.4 | SDG 7.1

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Hydro | 96.86 | 97.26 | 97.62 |
| Wind [1] | 97.75 | 98.30 | 66.15 |
| Thermal – combined cycle | 91.76 | 94.18 | 96.49 |

[1] Availability could not be measured for the Chafariz wind cluster as the relevant data has not yet been fully integrated into the control system. Because a value of 0 has been reported for the cluster, the availability value has been affected.

# LIBERALIZED

The Liberalized business comprises the Termopernambuco thermal power plant, NC Energia, Elektro Comercializadora (wholesale and retail electricity trading in the free market) and Neoenergia Serviços (services). |GRI 102-2|

## TERMOPERNAMBUCO

Termopernambuco is a combined cycle natural gas turbine power plant (the second largest in Brazil's Northeast), with an installed capacity of 532.8MW and a guaranteed capacity of 504 MW. Operating within the Priority Thermal Power Plant Program (PPT), Termopernambuco produces 25% of the electricity consumed in the state of Pernambuco. The plant started operation in 2004 and its permit expires in 2030. Termopernambuco has firm sources of revenue under power purchase agreements (PPAs) with Neoenergia Coelba (65MW) and Neoenergia Pernambuco (390MW), with a term extending to 2024. |GRI 102-2|

The plant's gross generation output in 2021 was 24% higher than in the previous year at 3.3 TWh, reflecting an extended period of operation in the third quarter, when the plant was 76% dispatched in response to the water crisis in Brazil. During the year, the plant was idle for 114 days compared to 165 days in 2020, due to the decreased demand that year during the early months of the pandemic.

Termopernambuco's availability rate was approximately 96%, a new record. The positive performance is partly attributable to the migration of the plant's control system, which is scheduled to be completed in 2022 and will improve operational flexibility and shorten ramp-up times. The plant's efficiency rate was 54.74% in the year compared to 54.88% in 2020 |GRI EU11| SDG 7.3, 7.a SDG 8.2, 8.4 SDG 12.2 SDG 13.1 SDG 14.3

Toward the end of the year, Termopernambuco was successful in a capacity reserve auction organized by the Brazilian power sector regulator (ANEEL), the Ministry of Mining & Energy and the Electric Power Trading Chamber (CCEE). The plant sold its entire available capacity of 498 MW. With a term of 15 years, power supply under the contract will begin on July 1, 2026, generating fixed revenue of R$ 207 million per year.

The thermal power plant at Suape (PE)


7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

## TRADING

In 2021 NC Energia supplied 4.45 TWh of electricity to more than 750 end customers, an increase of 52% on 2020, supporting the sustainable growth of the Group's renewable generation business. The company ended the year with 134 energy management clients, and sold more than 11 TWh to end customers—including power delivered in the current year and committed for future years—an increase of 60% on the previous year.

**NC Energia generates and sells electricity to the free market**

Neoenergia's trading business is now the eighth largest in Brazil in terms of power delivery to end consumers, and currently has offices in São Paulo, Salvador, Recife, Natal, Rio de Janeiro, Campinas, Belo Horizonte and Votuporanga.

NC Energia sells electricity generated by Neoenergia's generation portfolio to the free market, including part of the power output of the company's operational hydropower plants, wind farms in operation and under development, and solar farms under development. In addition to electricity trading and wholesale portfolio management, NC Energia also provides customized energy management services to end clients.

In 2021 the company sold 5.2 million Renewable Energy Certificates (I-RECs) in connection with electricity delivered in the current and future years. Every MWh of electricity generated from a renewable energy resource is worth 1 I-REC. The key advantage of these certificates is that they provide the opportunity to generate sustainable value from the start of operation, as they ensure electricity supply is traceable to a renewable source. This way, Neoenergia customers can support the development of a cleaner electricity matrix in Brazil.

## SERVICES

Neoenergia Serviços ended 2021 with more than 267,000 clients across the solar, engineering, mass market and electric mobility segments, a 95% expansion from its client base in 2020.

Through Smart Solutions, Neoenergia helps customers rethink their energy consumption; the company installs distributed solar photovoltaic (PV) systems that contribute to cleaner and more sustainable generation. Neoenergia Serviços ended the year with 1,688 solar system installations at customer sites.

In the mass insurance segment, the company provides more than 262,000 clients with health and dental insurance, education and recreation discounts, low-income credit, and other products offered to a segment of the population that would ordinarily not have access to these types of services.

Aiming to accelerate growth in electric mobility, in 2021 Neoenergia Serviços created a business line focused on developing charging infrastructure for electric vehicles, including charging stations and smart charging solutions for companies looking to electrify their fleets and facilities. Neoenergia sees electric mobility as a keyway to decarbonize and contribute to the sustainable development of the economy.

# DEMAND MANAGEMENT AND EMERGENCY RESPONSE

GRI ex-EU6, ex-EU21 | SDG 1.5 SDG 7.1 SDG 11.5

In the event of an outage, Neoenergia's generation, renewables, transmission and distribution businesses have emergency and contingency plans in place to ensure operation is promptly restored. These plans, which are compliant with applicable requirements and technical directives, are available for download and are reviewed in real time by all system operators.

Group companies have Emergency Response Plans (ERP) in place, follow regulatory requirements and ensure their facilities are monitored, managed and maintained in accordance with ANEEL and fire department standards. These plans cover risk scenarios that depend of the nature of each site.

Risk scenarios are identified, assessed and stimulated to ensure an effective emergency response that minimizes damage to people, property and business continuity. The response team is trained on, and all employees at each site receive information about, the ERP.

Each plan also outlines the internal and external resources needed for an emergency response, such as fire responders, available material resources and the nearest government resources—including hospitals, law enforcement and emergency services. Muster points and escape routes are also defined for the event of an evacuation.

Operational continuity procedures are established according to the nature of each business, i.e. distribution, generation, renewables and transmission.

Distribution and transmission companies implement disconnection procedures and deploy emergency maintenance teams for troubleshooting. Depending on the nature and extent of the outage, occupational safety teams, the local fire department and public emergency medical teams are activated. The company's Distribution Operations Center (DOC) has a crisis plan and is responsible for coordinating, supervising and operating the power systems of each distribution company, with real-time monitoring. Interventions are carried out based on Operation Instructions.

Hydroelectric generators have Dam Safety Plans (DSP) following regulatory requirements to ensure monitoring, control and maintenance of these structures in accordance with guidelines defined by ANEEL. These plans also cover dam-break scenarios although this risk is deemed to be remote, as the company's hydroelectric dams have static structures built on firm foundations in the riverbed.

Neoenergia's wind farm operations have emergency response procedures that outline measures to be taken in an emergency, including wind turbine operation and maintenance procedures. Substation ERPs contain procedures on restoring operation in the event of a major incident involving a partial loss of installed capacity, from identifying the issue to fully restoring generation and distribution.

OUTAGES ARE ADDRESSED IN EMERGENCY AND CONTINGENCY PLANS

## DAM SAFETY

Hydroelectric generators have Dam Safety Plans (DSP) and Emergency Response Plans (ERP), following regulatory requirements to ensure monitoring, control and maintenance of these structures in accordance with guidelines defined by ANEEL.

These plans cover different scenarios, including: accident/incident; electric discharge; explosion; fire; forest fire; flooding of the powerhouse; falls from heights; work in confined spaces; chemical spill; vehicle accident; boat accident; drowning; invasion of the powerhouse; and dam failure. This risk is deemed to be remote as the company's hydroelectric dams have static structures built on firm foundations in the riverbed. At all power plants owned by the Group, the ERP team provides training that is monitored against internal indicators that also inform corporate management processes.

In 2021 Neoenergia continued to implement scheduled ERP improvements including new sirens and signage indicating escape routes, muster stations and self-rescue zones. The Baixo Iguaçu site conducted an ERP drill in December with the participation of local civil defense authorities and community leaders, and launched a dam visitation program for communities surrounding the facility. At Itapebi, a smart radar system was installed during the year that monitors a 1 km upstream section of the river from the spillway, and can detect situations potentially posing a safety hazard for the public and the facility.



# Financial Performance

## RESULTS OF OPERATION

### REVENUE

Consolidated net revenue was R$ 41,120 million in 2021, an increase of 32% on the previous year reflecting 6.2% growth in distributed electricity and rate adjustments approved by ANEEL in response to rising inflation and energy costs.

Gross Margin was R$ 14,146 million (up 38% on 2020), explained by the same effects as on revenue as well as New Replacement Value (VNR), +R$ 1,030 million in connection with the adoption of IFRS15 in transmission, and R$ 1,209 million (up 59% on 2020) in connection with higher CAPEX.

### EBITDA AND NET INCOME

Cash EBITDA was R$ 7,328 billion in 2021 (up 41% versus 2020), reflecting the economic recovery, sustained cost efficiency and discipline, good collection levels, continued progress on transmission projects, and the start of operation of the Chafariz wind cluster, which added R$ 66 million in cumulative EBITDA in the year.

Net income was R$ 3,925 million, up 40% on the previous year.

### DEBT

Consolidated net debt, including cash and cash equivalents and securities, was R$ 30,749 million, an increase of 66% on 2020 explained primarily by capital expenditure on contracted transmission and wind projects. Neoenergia's outstanding debt balance breaks down as 80% long term and 20% short term.

**NET REVENUE (R$ MILLION) [1]**


[1] Includes construction revenue

**EBITDA AND MARGIN**


**NET INCOME (R$ MILLION)**

The company aims to structure its debt profile in a way that is consistent with the financial cycle of its businesses and the nature of its concessions. In order to reduce debt service costs and lengthen amortization schedules, Neoenergia avoids maturity concentration through liability management transactions that effectively lengthen maturities. The debt amounts maturing in the following years are largely concentrated in 2022, due to the R$ 2.5 billion in finance raised for the Neoenergia Brasilia acquisition.

Neoenergia plans to amortize R$ 2.5 billion in debt in 2022; Neoenergia Coelba will amortize an estimated R$ 1.0 billion; Neoenergia Pernambuco will amortize R$ 1.3 billion, Neoenergia Elektro R$ 851 million and Neoenergia Cosern R$ 536 million. Total amortizations by the parent company and these four distribution subsidiaries account for 80% of consolidated amortization volume in the period.

Average debt maturity was 5.06 years (4.66 years in December 2020), with a leverage ratio of 3.12 times EBITDA (2.85 at year-end 2020).

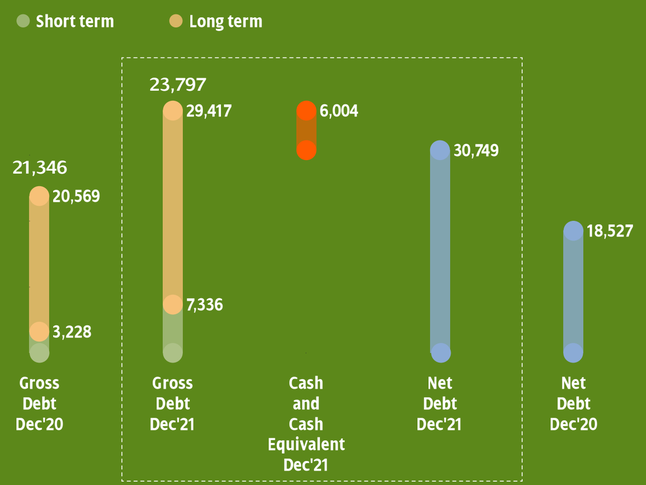
Neoenergia's results of operations are further detailed in the 2021 Financial Statements, available *here*.

## *GREEN FINANCE FRAMEWORK*

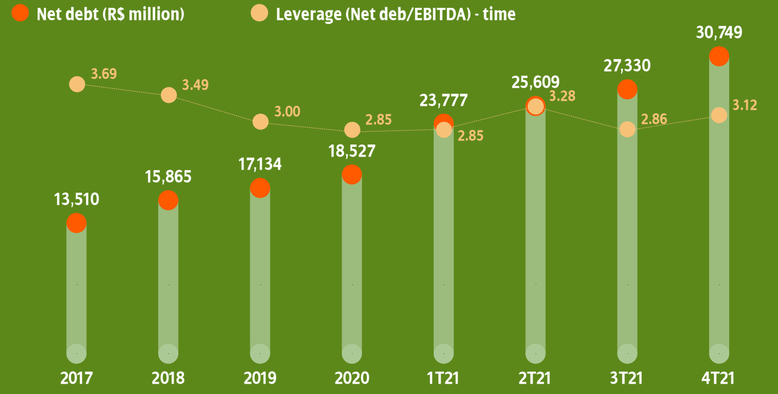
To ratify its commitment to sustainability and in line with the organic growth of the business, in December 2020 Neoenergia published on its website the Group's Green Finance Framework based on the Green Bond Principles (GBP) published by the International Capital Market Association (ICMA). The GBP ensure integrity in the green debt market by providing guidelines to increase transparency through the disclosure of indicators and practices. The framework also follows the Green Loan Principles (GLP), which are based on and refer to ICMA's GBP and aim to promote consistency in the financial market. The framework is aligned with the four core components of the GBP and GLP: (i) use of proceeds; (ii) process for project evaluation and selection; (iii) management of proceeds; and (iv) reporting.

The business lines that are identified in the Framework as "green" contribute directly to the achievement of SDGs 7 (Affordable and clean energy), 8 (Decent work and economic growth) and 13 (Climate action), as well as indirectly supporting other STGs.

### CHANGES IN DEBT




### DEBT AND LEVERAGE



## GREEN BONDS

In 2021 Neoenergia's distribution utilities completed their first green finance issuances within the Green Finance Framework, as well as their first debt issuances in the capital market certified as green finance, as follows:

- Neoenergia Elektro: 3rd Issuance of Promissory Notes, R$ 500 million
- Neoenergia Pernambuco, 11th Debenture Issuance, 3rd Tranche, R$ 200 million
- Neoenergia Coelba: 13th Debenture Issuance, in three tranches, R$ 800 million
- Neoenergia Coelba, 1st Issuance of Promissory Notes, 1st Tranche, R$ 266 million
- Neoenergia Cosern: 1st Issuance of Commercial Notes, in two tranches, R$ 200 million

These transactions were the first to be certified as green finance in Brazil's power sector, raising total proceeds of R$ 2 billion. The funding will be used to finance Distribution Development Plans (PDD) qualifying as green projects. The issuances were all concluded within Neoenergia's Green Finance Framework and received simplified second-party opinions from Sitawi Finanças do Bem, confirming that the recipient businesses demonstrate good practices in sustainability.

As established in the Green Finance Framework, the company fulfills its commitment to annually report specific indicators for projects receiving proceeds from green financing, as well as the environmental benefits achieved through the funded investments. Neoenergia confirms that all commitments undertaken in its Green Finance Framework remain valid and are being met.

## OTHER GREEN FINANCE IN 2021

In December 2021 Neoenergia obtained a €200 million green finance loan from the European Investment Bank (BEI) for use toward capital expenditure on the following projects: the Oitis wind cluster (Bahia and Piauí), the Chafariz wind cluster (located in Paraíba) and the Luzia solar farms (located in Paraíba). The loan has a maturity of 10 years and a grace period of 3 years, with disbursements scheduled to occur over a period of 36 months. BEI is one of the world's leading multilateral lenders for investments in initiatives to mitigate climate change.

### GREEN FINANCE - NEOENERGIA GROUP

| Year | Company | Instrument | Project Type | Volume | Qualified via |
|---|---|---|---|---|---|
| 2019 | Neoenergia | 6th Debenture Issuance - 1st Tranche | Transmission & Renewables | R$ 803 million | Second Party Opinion |
| | Neoenergia | 6th Debenture Issuance - 2nd Tranche | Transmission & Renewables | R$ 492 million | Second Party Opinion |
| | Neoenergia | Long Term – BEI | Renewables | € 250 million | BEI |
| 2020 | Neoenergia Itabapoana | 1st Debenture Issuance | Transmission | R$ 300 million | Second Party Opinion |
| | Neoenergia Coelba | Long Term – JICA | - | R$ 508 million | Jica |
| 2021 | Neoenergia Elektro | 3rd Promissory Note Issuance | PDD | R$ 500 million | *Green Finance Framework* aligned with ESG best practices |
| | Neoenergia Pernambuco | 11th Debenture Issuance - 3rd Tranche | PDD | R$ 200 million | |
| | Neoenergia Coelba | 13th Debenture Issuance - 3rd Tranche | PDD | R$ 320 million | |
| | Neoenergia Coelba | 1st Commercial Note Issuance - 1st Tranche | PDD | R$ 266 million | |
| | Neoenergia Cosern | 1st Commercial Note Issuance - 1st Tranche | PDD | R$ 66.67 million | |
| | Neoenergia Cosern | 1st Commercial Note Issuance - 3rd Tranche | PDD | R$ 133.33 million | |
| | Neoenergia | Long Term – BEI | Renewables | € 200 million | BEI |

### REFERENCE INDICATORS FOR GREEN BONDS – *GREEN FINANCE FRAMEWORK*

### BUSINESS: DISTRIBUTION

| Indicators by project/issuance | Data for 2021 |
|---|---|
| Number of households/customers connected to smart grids | Neoenergia Elektro: 1,579<br>Neoenergia Pernambuco: 3,049<br>Neoenergia Coelba: 4,250<br>Neoenergia Cosern: 3,823 |
| Energy loss and technical availability indices (EOD, hours, and EOF, times) | Neoenergia Elektro : EOD: 7.38; EOF: 4.22<br>Neoenergia Pernambuco:<br>EOD: 12.00; EOF: 5.75<br>Neoenergia Coelba: EOD: 11.46; EOF: 5.18<br>Neoenergia Cosern: EOD: 6.78; EOF: 2.81 |
| Corporate social investment | Neoenergia Elektro: 1,579<br>Neoenergia Pernambuco:3,049<br>Neoenergia Coelba: 4,250<br>Neoenergia Cosern: 3,283 |
| Renewable electricity purchase rate (%) | Neoenergia Elektro: 79%<br>Neoenergia Pernambuco: 57%<br>Neoenergia Coelba: 68%<br>Neoenergia Cosern: 59% |

# TAXES

|GRI 103-2, 103-3_207, 207-1, 207-2, 207-3|

Neoenergia's tax strategy sets out foundational principles that guide the conduct of the company and employees responsible for tax matters across the group. This strategy is formally articulated in the Group's Corporate Tax Policy, which is based on excellence and a commitment to applying good tax practices.

The company's tax strategy basically consists of ensuring compliance with applicable tax laws and regulations and seeking to establish an appropriate coordination of Group tax practices, all within the framework of fulfilling the corporate interest and supporting a long-term business strategy that avoids tax risks and inefficiencies in the implementation of business decisions. To that end, the company takes into account all legitimate interests.

Neoenergia's Corporate Tax Policy is an integral part of Neoenergia's governance and compliance policies, a set of standards and principles that govern the company's organization, operation and relationships. First approved by the Board of Directors in 2018, the policy is continuously updated and was last amended on July 15, 2021.

NEOENERGIA'S CORPORATE TAX POLICY IS AN INTEGRAL PART OF THE COMPANY'S GOVERNANCE AND COMPLIANCE POLICIES.

## PRINCIPLES OF EXCELLENCE

Tax excellence can be defined by four principles:

**Legality** – Compliance with tax regulations and reasonable interpretation of applicable tax law; strict compliance with tax regulations in Brazil, including the payment of all taxes owed in accordance with the law. All tax-related decisions are based on a reasonable interpretation of applicable law.

**Risk management** – Managing tax risks by reviewing case law and independent opinions. prevention and reduction of significant tax risks, ensuring that taxes bear an appropriate relationship to the structure and location of activities, human and material resources, and the group's business risks.

**Relationship with tax authorities** – The company's relationship with tax authorities in each of the regions where it operates is based on respect for the law, fairness, trust, professionalism, collaboration, reciprocity and good faith. In 2021 Neoenergia was invited by the Brazilian federal tax authority to build a structured program—called the Collaborative Tax Compliance Program (CONFIA)—establishing a new framework for interaction between taxpayers and tax authorities, with a focus on voluntary cooperation and mutual trust.

**Tax transparency** – Stakeholders' growing demand for corporate tax information requires companies to uphold the highest standards of tax transparency. To this end, the Group publishes an annual Tax Transparency Report, available here.

## CONTRIBUTING TO SOCIETY

Neoenergia's Tax Policy is based on the principle that the taxes it pays operate as the principal contribution to sustaining public expenditures, and therefore as one of its primary contributions to society as a whole and to the UN Sustainable Development Goals (SDGs), in particular SDG 8 (Decent work and economic growth). In 2021, the company's corporate taxes had an economic impact of R$ 15.8 billion, representing 56% of its distribution of added value. |GRI 207-4| ■ SDG 1.1, 1.3 ■ SDG 10.4 ■ SDG 17.1, 17.3

Compliance with the tax rules, principles and good practices outlined in Neoenergia's Corporate Tax Policy is monitored at three levels: by the Tax Department, in coordination with the Compliance Department; by the Audit Committee; and by Board of Directors, which ensures that tax policies and requirements are consistently observed throughout the year, and that the Corporate Tax Policy is complied with group-wide.

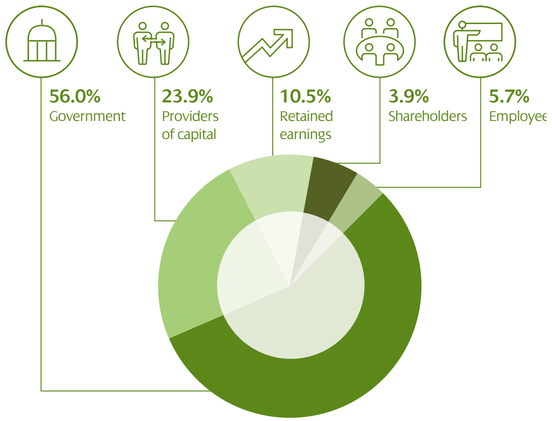
Tax-related concerns can be reported to Neoenergia's Whistleblowing Channel, an external, confidential and anonymous service that addresses issues related to compliance with laws, Neoenergia's Code of Ethics and integrity standards, and illegal accounting and tax activities. Reports can be submitted 24/7 by email, via a toll-free number or on a website. The channel is accessible to the general public.

# VALUE ADDED

Total value added and distributed was R$ 28.2 billion in 2021, an increase of 16.1% on the previous year. Most (56%) of the added value generated and distributed in the year was in the form of taxes, fees and contributions paid to federal, state and municipal governments. These include income taxes, industry charges, state value-added taxes (ICMS), social security taxes (PIS and COFINS and INSS on payroll), and other taxes. |GRI 207-4| ■ SDG 1.1, 1.3 ■ SDG 10.4 ■ SDG 17.1, 17.3

Next come providers of capital at 23.9%, including payment of interest and rent. Compensation of company employees (salaries, benefits and payroll charges) accounted for 5.7% of the total. Shareholders received 4.0% in the form of dividends and interest on equity, while retained earnings and reserves accounted for 10.5%. (*For further details on added value in the year, see the Disclosures supplement*).

## DISTRIBUTION OF ADDED VALUE




# STOCK PERFORMANCE

At December 31, 2021 Neoenergia's market cap was R$ 19.7 billion, and the company's shares (NEOE3) were priced at R$ 16.20 per share, depreciating by 5.5% from 2020. Since our IPO in June 2019, Neoenergia shares have appreciated by 3.5%.

## STOCK PERFORMANCE

| | IPO | 4Q19 | 4Q20 | 4Q21 |
|---|---|---|---|---|
| Number of shares (thousand) | 1,213,797 | 1,213,797 | 1,213,797 | 1,213,797 |
| Market capitalization (R$ million) | 18,966 | 30,199 | 21,387 | 19,664 |
| Most recent share price (R$/share) | 15.65 | 24.88 | 17.62 | 16.20 |

## STOCK APPRECIATION SINCE IPO


The Mel 2 wind farm

# Innovation & R&D

SDG 9.1, 9.4 PG9

In 2021 Neoenergia launched a new platform, called Go In, designed to support innovation and collaborative management. The platform helps to transform ideas pitched by employees into viable solutions that can then be implemented and tracked against performance targets spanning all areas of the business. The goal is to support employee creativity through innovation, from idea to development and implementation.

The platform, which has an intuitive and user-friendly design, guides employees through the process, from ideation, through prototyping and MVP (Minimum Viable Product) development, to implementation and performance tracking. Each stage requires approval of a person appointed by the head of the department generating the idea.

Neoenergia was among the companies selected for the open innovation program IA² MCTI, an artificial intelligence acceleration initiative launched by the Brazilian Ministry of Science, Technology & Innovation. The company is at an advanced stage of development of a tool to detect areas with potential non-technical losses in large perimeters, supporting the operations of inspection teams.

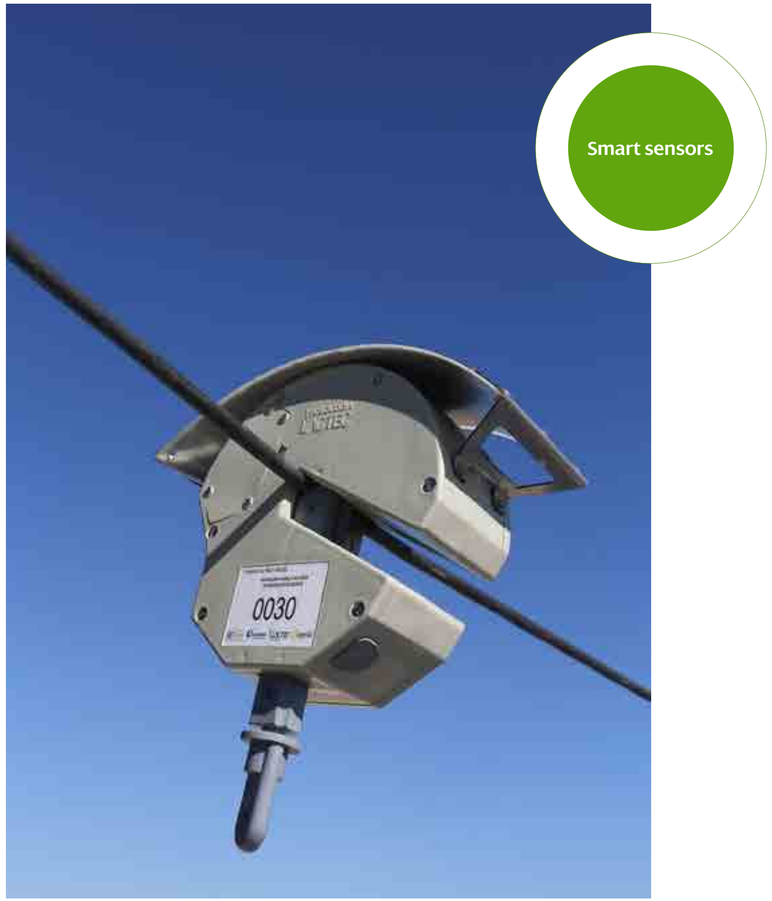
The company is also developing an innovative project in partnership with its parent company Iberdrola's Innovation Center in Qatar. The initiative is using artificial intelligence and *data analytics* to apply algorithms that can predict faults in telecommunications and smart grid equipment in the distribution system. This supports 90% accurate troubleshooting within 24 hours of an incident, helping to increase device availability and improve power system reliability.

The new solution is being deployed at Neoenergia's Smart Grid Management Center (CEGRI), where the company manages all telecommunications and smart grid operations across group distribution companies and monitors the digital equipment used in transmission and distribution operations, such as reclosers, meters, sensors and smart transformers. The center monitors more than 75,000 devices and collects as much as 10 gigabytes of data per day. The algorithm converts the data into meaningful information that can support decision-making by predicting equipment failure and ensure that action is taken before it occurs.

**R&D+I INVESTMENT (R$)**

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| R&D | 33,993 | 55,021 | 102,616 |
| Innovation | 66,055 | 90,390 | 71,414 |
| **Total** | **100,047** | **145,411** | **174,030** |

Toward the end of the year, Neoenergia organized its first Innovation Week in a 100% virtual environment specially developed for the event. The company used a metaverse concept to deliver an engaging experience for all employees. Augmented reality features provided a truly immersive experience and showcased more than 150 initiatives across five virtual environments mimicking a large trade show, in a fully digital environment.



# RESEARCH AND DEVELOPMENT (R&D)

GRI ex-EU8)

Neoenergia's research and development (R&D) programs revolve around five strategic areas—Smart Technologies, Safety, Energy Recovery, Quality and Reliability, and Business Sustainability)—and are in line with the company's strategy of delivering practical and tangible results.

In 2021 the company invested R$ 102.6 million in projects across Group companies. Total R&D funding in 2021 was R$ 257.26 million, of which R$ 78.71 million was allocated to the National Scientific and Technological Development Fund (FNDTC), and R$ 39.35 million as payment to the Ministry of Mines and Energy (MME) and R$ 36.59 million to the Energy Development Account (CDE).

These investments are regulated by ANEEL and comply with Law no. 9991/2000, according to which distribution companies must allocate 0.5% of their net operating revenue (NOR) to Research and Development and 0.5% to Energy Efficiency (EE). Generation and transmission companies are required to allocate 1% of NOR to R&D alone.

## SMART TECHNOLOGIES

**Native technology for smart networks** – Launched in 2016, this structuring project aims to reduce losses and improve network quality and safety. It includes products that are already incorporated into Neoenergia's business processes and others that are being developed and/or improved. One example is a smart sensor originally created to identify faults and later enhanced to help minimize technical and commercial loss; in 2020 more than 12,000 smart sensors were used by the company's distribution companies in Brazil.

**Digital Connection –** This program aims to transform the customer experience by offering more efficient and personalized digital channels, improving customer service indicators and making human and digital service more efficient. The project includes a redesign of customer profiles in the digital age and the development and application of new digital solutions to meet current and future needs. *For further information about this project, see the section Customers on page 68.*

**Smart Antennas –** This project consists of a set of electronic circuits that form a reliable antenna system for communication between the Operations Center and distribution switchgear.

**Business Models and Information and Communication Technology Infrastructure Using Distribution System Antennas** – This project is developing a proposed architecture and business model for the provision of Information and Communication Technology services. A pilot project will develop an IoT (Internet of Things) network employing Neoenergia Brasilia's distribution system antennas and other equipment to potentially support a new business model.

**Monitoring Automation** – An R&D project that developed an automated system for measuring river discharge. The system will improve the reliability of hydrological data at dam sites, and will support faster and more accurate measurements of discharge rates.

### R&D HIGHLIGHTS

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Sale of products deriving from R&D | n/a | n/a | 3,651 |
| Number of units | n/a | n/a | 2,762 |
| Number of software licenses | n/a | n/a | 889 |
| *Royalties* (R$ thousand) | n/a | n/a | 13.27 |
| Number of patent applications | n/a | n/a | 6 |
| New revenue streams (R$ thousand) | n/a | n/a | 5,677.31 |
| Cost savings (R$ thousand) | n/a | n/a | 3,875.38 |

n/a - Not available.

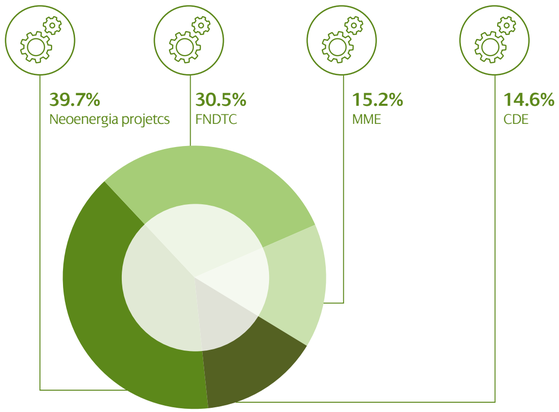
## SAFETY

**Robotic Arm** – Used to safely and efficiently prune trees around power lines of up to 46 kV. The technology enables tree trimming operations near live lines using a remotely operated robotic arm.

**Dam Safety** – An innovative georeferenced system for smart, real-time management of the Dam Safety Plan (DSP); it assists decision-making processes through analyses of risk and data consistency.

**DISTRIBUTION OF R&D FUNDING - 2021**

**(R$ 257.3 MILLION)**




FNDTC: National Scientific and Technological Development Fund; MME: Ministry of Mines and Energy; CDE: Energy Development Account (CDE).

**Substation Grounding Measurement** – Development of a system to measure the impedance of a substation grounding system without having to shut down the substation.

**Dam Monitoring** – Development of an artificial intelligence- and IoT-based software system for online monitoring of erosion within earth and rock fill embankments.

## ENERGY RECOVERY

**GODE Smart Sensor + Apps** – Network sensing equipment that, in addition to reducing outage duration, supports power balancing of the feeders by indicating the areas with the highest level of losses.

**Godel Analytics –** An app that displays a map of technical and commercial losses, indicating areas holding the greatest opportunity for energy recovery initiatives. The app has the capability to analyze large volumes of data from across the network using power flow algorithms fed with data from smart sensors and corporate systems.

**Godel Multilink** – A metering data concentrator using natively developed Wi-SUN radio-frequency mesh technology to support interoperability among field equipment in the distribution network (GODEL sensor, meters and other equipment). The data concentrator also allows metering data to be sent to the distribution utility's management systems across multiple links.

## QUALITY AND RELIABILITY

**Continuous Oscilloscope Power Quality Meter** – Used to measure power quality and troubleshoot issues to improve system quality and safety.

**Insulator Washing –** Development of a prototype vehicle with an intelligent system for washing distribution system insulators to remove sea salt deposits.

**UAVs** – Use of self-loading unmanned aerial vehicles (UAVs) as part of an automatic system to survey assets and perform inspections on distribution and transmission lines remotely.

**Pilot-run meter reader** – Development of equipment that can read electricity meters in the field without the need to interrupt power supply to consumers.

**RFID** – A pilot run of systems to identify, register and track distribution equipment. The system includes a radiofrequency data collector and high-longevity electronic tags for the identification of assets with metal surfaces, such as transformers and meters.

**Mobile Tyler** – Development of a mobile tower model on a vehicle platform for 69kV and 138kV sub-transmission structures, which can be towed by truck to the work site to optimize time when responding to incidents.

**Recloser Storage Technology** – An energy storage system for use in network equipment. This pioneering system uses ultracapacitors with batteries to improve the reliability of automated equipment.

**SMARTF –** Simulation and modeling of the future regulatory and technological environment based on the development of a computational tool and methodology for the definition of the business strategy of Neoenergia Group distributors, considering scenarios of regulatory changes, network evolution, consumer behavior, economic models and incorporation of distributed generation assets.

**Electricity Trading** – A set of instruments (contracts) for mitigating market risks associated with electricity trading by Group distribution utilities. Among the deliverables from this initiative is a software system for managing electricity purchases.

**Harmonic responsiveness** – Development of filters for the identification of the source of harmonics injected into the backbone network.

**Enclosed Underground Substation** – This project is developing a new 34.5 kV underground substation model that is highly automated, fully enclosed and remotely supervised.

distributed across strategic locations on the island, all powered by renewable sources including two newbuild photovoltaic solar farms on the island with an associated battery storage system. *For further information about this mobility project, see page 44.*

**Electric truck** – Development of electric trucks to perform maintenance in the electricity distribution network of Neoenergia Group. A smart assembly will allow the vehicle to be charged from the utility's own distribution system.

**Micro-grid** – Development of self-contained, small-scale grids as a solution for providing universal access to electricity in Neoenergia Coelba's service area, as part of the Electricity for All Program and in accordance with regulatory requirements (REN 493/2012).

**Smart Electricity Storage System (SIAE) –** This system will optimize the operation of the Tubarão thermal power plant in Fernando de Noronha by combining different energy sources (thermal + photovoltaic) with a lithium-ion battery storage system.

## SUSTAINABILITY

**Green Corridor (*Corredor Verde*)** – Creation of an electric vehicle-ready highway section between Salvador (BA) and Natal (RN), with 12 charging stations along the road (50kW) and 6 additional stations in urban shopping malls (22kW). The project includes the creation of a new business model for companies in the electricity sector to help decarbonize the economy through the implementation of electric vehicle charging stations in Brazil. *For further information about this project, see page 43.*

**Electric mobility in Fernando de Noronha** – This project aims to develop sustainable electric mobility in Fernando de Noronha through solutions and business models across tourism, public services and operations managed by Neoenergia Pernambuco. The project consists of electric vehicles and charging stations distributed across strategic locations on the island, all powered by renewable sources including two newbuild photovoltaic solar farms on the island with an associated battery storage system. *For further information about this mobility project, see page 44.*

**Electric truck** – Development of electric trucks to perform maintenance in the electricity distribution network of Neoenergia Group. A smart assembly will allow the vehicle to be charged from the utility's own distribution system.

**Micro-grid** – Development of self-contained, small-scale grids as a solution for providing universal access to electricity in Neoenergia Coelba's service area, as part of the Electricity for All Program and in accordance with regulatory requirements (REN 493/2012).

**Smart Electricity Storage System (SIAE) –** This system will optimize the operation of the Tubarão thermal power plant in Fernando de Noronha by combining different energy sources (thermal + photovoltaic) with a lithium-ion battery storage system.

**Green Hydrogen** – Development of a solution for local production of green hydrogen using photovoltaic solar power, for use in applications such as cooling systems at Neoenergia Termopernambuco, forklifts and electric mobility (vehicle fueling).

**Photovoltaic solar system connected directly to the secondary network** – A solution for connecting distributed generation sites to the distribution network, including a prototype to support photovoltaic modules on poles, electro-electronic connection architecture and a pilot plant, which will be evaluated in a technical-economic and regulatory impact study.

**Multi-solar** – A hybrid solar system (thermal and photovoltaic) to maximize the use of solar radiation on residential roofs, using economical and scalable retrofits in different consumption classes to develop a solution for cooling the photovoltaic modules of the generation system.

**PCB Management** – Development of a computational system for managing and monitoring historical data on equipment fleets using synthetic oils containing polychlorinated biphenyls (PCBs) or Contaminated mineral/vegetable oils in Neoenergia Brasilia's distribution system. Development of a new method for decontaminating transformer oil containing PCBs (polychlorinated biphenyls).

**Hydrodigital** – Regulatory instruments to incentivize performance improvements at existing hydroelectric plants by using artificial intelligence to analyze data from turbine sensors. The project can help to increase annual generation output and/or capacity reserves.

A photovoltaic solar system

# About this Report

Neoenergia has annually reported on its economic, environmental, social and governance performance since 2004. In 2010 the company adopted the Global Reporting Initiative (GRI) Standards and the ANEEL Handbook on Economic, Social and Environmental Reporting in developing its reports. Since 2020, Neoenergia has also drawn guidance from the International <IR> Framework, the Sustainability Accounting Standards (SASB) for the electric utilities sector, and requirements for the Down Jones Sustainability Index (DJSI).

This year's report has additionally incorporated the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The report also illustrates Neoenergia's commitment to the United Nations Global Compact (UNGC) and Sustainable Development Goals (SDGs). The previous report, covering the year 2020, was published in March 2021. [GRI 102-52]

The disclosures in this report, covering the period from January 1 to December 31, 2021, describe the company's financial and non-financial results (including its performance on environmental, social and governance (ESG) issues) and the risks and opportunities that have been identified and are deemed material by its shareholders and other stakeholders. [GRI 102-50]

The information in this report covers all entities controlled and managed by Neoenergia, including 5 distribution utilities, 6 hydropower plants, 32 wind farms, 1 thermal power plant, 8 operational transmission companies, and 3 trading and services companies. One hydroelectric plant (Belo Monte, in which Neoenergia has an equity interest of 10%), 12 wind farms and 2 photovoltaic solar parks under construction are not included in the consolidated social and environmental disclosures The companies included in the Financial Statements are detailed in the Disclosures supplement. [102-45]

Financial information has been prepared in accordance with International Financial Reporting Standards (IFRS). Social, environmental and governance information has been consolidated using a proprietary disclosure management system based on corporate procedures and environmental and quality standards and certifications. The report has been assured internally as well as independently by KPMG Assessores, certified for internal controls, and verified by the Sustainability Committee, the Audit Committee and the Board of Directors. The Sustainability Committee has reviewed the report within the scope of its mandate and has determined that the non-financial information is consistent with the Company's sustainable development strategy. [GRI 102-56]

## MATERIALITY [GRI 102-46]

The disclosures in this report were informed by an assessment in 2020 to identify topics needing to be prioritized in the company's sustainability management and reporting, based on a shortlist of 24 topics established by Neoenergia's parent company, Iberdrola. The assessment drew guidance from the GRI guidelines and the AA1000 AccountAbility standards.

Key leadership personnel and stakeholders responded to an online survey. The survey questionnaire was answered by 389 stakeholder representatives, including shareholders, financial market, customers, suppliers, company employees and contractors, media, community and partners in social projects, and regulatory and environmental agencies.

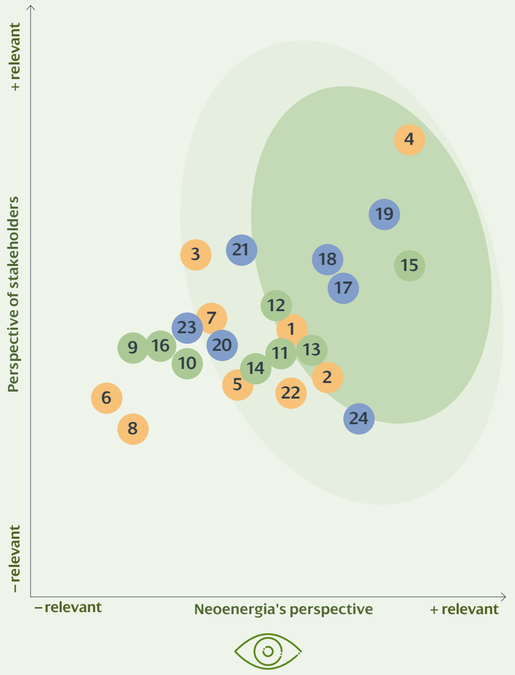
The survey scores and the prioritization of topics resulted in a materiality matrix that intersects the scores reflecting stakeholder perceptions (vertical axis) with those reflecting the company's perspective (horizontal axis). This report covers all material topics that were prioritized in the assessment.

THE DISCLOSURES IN THIS REPORT, COVERING THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2021, DESCRIBE NEOENERGIA'S FINANCIAL AND NON-FINANCIAL RESULTS AND THE RISKS AND OPPORTUNITIES THAT HAVE BEEN IDENTIFIED AND ARE DEEMED MATERIAL BY ITS SHAREHOLDERS AND OTHER STAKEHOLDERS.

## MATERIALITY ASSESSMENT PROCESS

| Phase | Process | Outcome |
|---|---|---|
| **1** **Identification of subjects** | Identification of a set of topics that might be relevant to Neoenergia, narrowing it down to an initial list that was subjected to more detailed analysis regarding its degree of relevance to the company. The same topics listed by the parent company Iberdrola were considered.<br>Sources of consultation:<br>• **External**: Utilities companies, DJSI, SASB, WBCSD, World Economic Forum, media reports about the company and the sector.<br>• **Internal**: Neoenergia's 2019 Sustainability Report, relevant company publications, such as quarterly results. | Preliminary list of topics |
| **2** **External relevance assessment** | This phase included two processes:<br>1. Online consultation, through Survey Monkey, including representatives of stakeholders that were identified because of their level of influence and risk (shareholders, investors, financial market, customers, employees, suppliers, associations, NGOs and media).<br>2. Analysis of the external relevance of topics identified in Phase 1, to determine the material topics based on the sources consulted. The level of information reported by the companies in the sector and, when applicable, the existence or not of performance targets were also assessed | List of identified topics and classification according to the 3 identified importance |
| **3** **Internal relevance assessment** | Analysis and determination of the internal relevance of topics identified in Phase 1, in order to determine the topics that are material to Neoenergia.<br>The phase included:<br>1. Consultation with directors through Survey Monkey.<br>2. Analysis of the internal relevance of topics identified in Phase 1, to assess adherence to material topics. | |
| **4** **Prioritization and materiality matrix** | Consolidation of the results of Phases 2 and 3 for the classification of topics depending on their importance to Neoenergia and to its stakeholder groups. The results were expressed by a graph, the Materiality Matrix. | Matrix and list of material topics |
| **5** **Definition of GRI content** | Analysis of the topics included in the GRI Standards.<br>Comparison of these topics with the material issues identified in Phase 4.<br>Correlation of material topics with the 10 principles of the UN Global Compact, of which<br>Neoenergia is a signatory, and with the 17 Sustainable Development Goals (SDGs).<br>Alignment with Sustainability Accounting Standards Board (SASB). | Correlation with GRI, Global Compact, SDG and SASB content |

## NEOENERGIA'S 2020 MATERIALITY MATRIX




**Economics topics** | **Social topics** | **Environmental topics**

### Priority topics

- 4 Ethics and integrity
- 19 Health and safety
- 15 Energy transition
- 18 Diversity and equal opportunity
- 17 Customer satisfaction
- 24 Connectivity, digitalization and cybersecurity
- 12 Incorporation of renewable energy sources into the electricity system
- 2 Economic and financial performance
- 13 Climate Change
- 1 Socially responsible investment

### Relevant topics

- 11 Innovation and new business models
- 22 Vulnerable customers
- 14 Biodiversity management
- 7 Smart grids and quality of supply
- 20 Impact on local communities
- 5 Responsible supply chain
- 21 Human rights
- 3 Transparency

### Non-relevant topics

- 23 Attraction, development and retention of human capital
- 10 Circular economy
- 16 Water availability and management
- 9 Natural capital management
- 8 Green financing
- 6 Public policies

The axes were created with limits of 7.5 to 10, reflecting the interval between the lowest and the highest scores.

## MATERIAL TOPICS |GRI 102-47|

| Topics | GRI topics | |GRI 103-1| Explanation of the material topic | Boundaries |
|---|---|---|---|
| **Priority** | | | |
| **Ethics and integrity** | Anti-corruption: GRI 205-1 to 205-3<br>Anti-competitive behavior: GRI 206-1<br>Environmental compliance: GRI 307-1<br>Socioeconomic compliance: GRI 419-1<br>Public policy: GRI 415-1 | Corruption is a relevant topic in the Brazilian scenario, due to recent involvement of gov-ernments and companies in episodes of this nature. For Neoenergia, ethics is one of the values of Sustainable Energy, and zero tolerance against corruption is part of its business principles. | Internal |
| **Health and safety** | Occupational health and safety: GRI 403-1 to 403-10<br>Customer health and safety: GRI 416-1, 416-2<br>Sector: EU18, EU25 | Safety is one of Neoenergia's values; the company's goal is to achieve zero accidents. The proper management of the health and safety of employees and the population is seen as a vital condition for good business performance. In 2020, due to the COVID-19 pandemic, this topic became even more relevant. | Internal and external |
| **Energy transition** | Energy: GRI 302-1 to 302-5<br>Sector: EU1, EU2, EU3, EU10, EU11, EU30 | Globally, regulations to foster the transition to a low carbon economy, linked to the generation of clean and renewable energy, are expanding. As part of the Iberdrola Group, one of Neoenergia's priorities is growth focused on renewable energies. | Internal |
| **Diversity and equal opportunity** | Market presence: GRI 202-1<br>Employment: GRI 401-1 to 401-3<br>Diversity and equal opportunity: GRI 405-1 to 405-2<br>Non-discrimination: GRI 406-1 | Neoenergia's strategic objective is to develop labor relations based on equal opportuni-ty, non-discrimination and respect for diver-sity. In particular, gender equality is considered part of the organization's core values. | Internal |
| **Customer satisfaction** | Customer privacy: GRI 418-1<br>Marketing and labeling: 417-1 to 417-3<br>Sector: EU26, EU27, EU28, EU29 | It is essential to establish long-term relationships with customers, with a commitment to dialogue, and respond quickly to their expectations. | External |
| **Connectivity, digitalization and cybersecurity** | Customer health and safety: GRI 416-1, 416-2<br>Customer privacy: GRI 418-1 | These three aspects are key competitive advantages and were proven to be even more relevant by the COVID-19 pandemic, which leveraged their widespread adoption, especially with a focus on remote work and digital customer service solutions. Also, there are issues related to digitalization and cybersecurity that have become vital to prevent invasions of corporate systems and databases. | Internal and external |
| **Integration of renewable energy sources into the electricity system** | Emissions: GRI 305-1 to 305-7<br>Sector: EU1, EU10 | Renewable energies must play a key role in the decarbonization of the economy. | Internal and external |
| **Economic and financial performance** | Economic performance: GRI 201-1, 201-2, 201-3, 201-4<br>Indirect economic impacts: GRI 203-1, 203-2<br>Tax: GRI 207-1 to 207-3 | The creation of long-term value is at the core of Neoenergia's strategy. This objective is only achieved through consistent business evolution and economic and financial results that translate into wealth distribution to all stakeholders. In 2020, a year marked by COVID-19, it was necessary to strengthen resilience mechanisms and develop crisis management systems with measures to anticipate and mitigate the effects of the pandemic. | Internal |
| **Climate change** | Economic performance: GRI 201-2<br>Energy: GRI 302-1 to 302-5<br>Emissions: GRI 305-1 to 305-7<br>Sector: EU1, EU2, EU5, EU12 | Climate change is recognized as a global emergency. Extreme climate and failure to fight climate change were considered the two biggest global risks in 2020, according to an analysis by the World Economic Forum. Neoenergia maintains specific initiatives to fight and adapt to climate change, and de-velops new methodologies to understand and assess risks and opportunities related to this phenomenon. | Internal and external |
| **Socially responsible investment** | Economic performance: GRI 201-2<br>Indirect economic impacts: 203-1, 203-2<br>Emissions: GRI 305-1 to 305-7<br>Local communities: 413-1, 413-2 | There is growing pressure from investors and financial institutions for companies to enhance the management of their economic, social and environmental impacts, linking their direct contribution to the United Nations Sustainable Development Goals. | Internal |

| Topics | GRI topics | GRI 103-1 | |
|---|---|---|---|
| | | Explanation of the material topic | Boundaries |
| **Relevant** | | | |
| **Innovation and new business models** | Energy: GRI 302-5<br>Sector: Ex-Former EU7, Former Ex-EU8 | Innovation, research and development are essential for the electricity sector to achieve its goal of ensuring clean and affordable energy. This involves aspects such as electric mobility, generation and consumption microgrids, energy storage, etc. | Internal and external |
| **Vulnerable customers** | Sector: EU23, EU24 | Access to electricity is the basis for community development and for supporting disadvantaged people. In addition, to mitigate the impact of the COVID-19 pandemic on the economy, governments have prohibited companies, for example, from cutting power of low-income consumers. | Internal and external |
| **Biodiversity management** | Biodiversity: GRI 304-1 to 304-4<br>Sector: EU13 | Biodiversity loss was considered one of the top five global risks in 2020, according to the World Economic Forum. The operations of energy companies have significant impact on biodiversity. Therefore, Neoenergia carries out a series of initiatives to minimize its ecological footprint and, as much as possible, reverse these impacts. | Internal and external |
| **Smart grids and quality of supply** | Indirect economic impacts: GRI 203-1, 203-2<br>Sector: EU4 | Smart, digitalized network will allow consumers to monitor energy consumption in real time and adjust their consumption habits for greater efficiency. They also ensure higher quality of supply and lower transmission and distribution losses. | Internal and external |
| **Impact on local communities** | Local communities: GRI 413-1, 413-2<br>Indirect economic impacts: GRI 203-1, 203-2<br>Socioeconomic compliance: GRI 419-1 | Neoenergia is committed to actively contributing to promote the development of the communities where it operates, as well as to manage the socioeconomic and environmental impacts of its operations. | Internal and external |
| **Responsible supply chain** | Procurement practices: GRI 204-1<br>Supplier environmental assessment: GRI 308-1, 308-2<br>Supplier social assessment: GRI 414-1, 414-2<br>Sector: EU18 | Supply chains produce a series of direct and indirect environmental, economic and social impacts. Therefore, Neoenergia must extend its commitments to suppliers by including contractual clauses and using monitoring mechanisms to ensure that they are aligned with sustainable development. | Internal |
| **Human rights** | Freedom of association and collective bargaining: GRI 407-1<br>Child labor: GRI 408-1<br>Forced or compulsory labor: GRI 409-1<br>Security practices: GRI 410-1<br>Rights of indigenous people: GRI 411-1<br>Human rights assessment: GRI 412-1 to 412-3 | Respect for human rights is an essential condition for establishing long-term partnerships and preserving the company's reputation. It is also a commitment made through the United Nations (UN) Global Compact. | Internal and external |
| **Transparency** | Corporate governance<br>Emissions: GRI 305-1 to 305-7<br>Customer privacy: GRI 418-1 | Broad disclosure of financial information, as well as the assessment of social and environmental impacts, increases the company's credibility, which is especially important for publicly traded companies. | Internal and external |

Six topics submitted for public consultation were considered not relevant to be addressed in the report: Attraction, development and retention of human capital, Circular economy, Water availability and management, Natural capital management, Green financing, Public policies.

## PRIORITY TOPICS FOR STAKEHOLDERS GRI 102-44

| Stakeholders | Priority topics |
|---|---|
| Shareholders and investors | Ethics and integrity, Transparency, Economic and financial performance, Energy transition, Human rights |
| Customers | Ethics and integrity, Occupational health and safety, Customer satisfaction, Integration of renewable energy sources into the electricity system, Transparency |
| Employees | Ethics and integrity, Occupational health and safety, Transparency, Diversity and equal opportunity, Energy transition |
| Suppliers | Ethics and integrity, Human rights, Diversity and equal opportunity, Occupational health and safety, Energy transition |
| Community | Diversity and equal opportunity, Biodiversity management, Transparency, Ethics and integrity, Energy transition |
| Media | Energy transition, Transparency, Climate change, Integration of renewable energy sources into the electricity system, Vulnerable customers |
| Environmental agencies | Socially responsible investment, Vulnerable customers, Impact on local communities, Responsi-ble supply chain, Green financing |
| Regulatory agencies | Responsible supply chain, Customer satisfaction, Integration of renewable energy sources into the electricity system, Occupational health and safety, Attraction, development and retention of human capital |

# ESG+F Disclosures Supplement

## PROFILE

### OWNERSHIP [GRI 102-5]

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Iberdrola Energia S.A. | 50.00 | 50.00 | 0.00 |
| Iberdrola S.A. | 1.04 | 1.04 | 53.20 |
| Caixa de Previdência dos Funcionários do Banco do Brasil (PREVI) | 30.29 | 30.29 | 30.29 |
| *Free float* | 18.67 | 18.67 | 16.50 |

### TOTAL NUMBER OF OPERATIONS [GRI 102-7]

| | 2021 |
|---|---|
| Operating units – Activity centers by business (offices and production centers)[1] | 72 |
| Corporate | 1 office |
| Thermal generation business | 1 office and 1 production center |
| Distribution business | 6 offices and 49 production centers |
| Transmission business | 1 office and 1 production center |
| Renewables business | 1 office and 11 production centers |

**Generation and Liberalized**: number of conventional production facilities broken down by technology (combined cycle gas turbine power plants, cogeneration facilities, etc.); number of production facilities for other energy vectors (hydrogen plants); number of offices not constituting corporate buildings where operational business processes are planned and managed.

**Transmission and Distribution**: operations centers are defined as those offices from which operational processes in the Distribution and Transmission business are planned, managed and coordinated. A Transmission & Distribution operations center is classified as a major operation center if 75 or more employees work at the site.

**Renewables**: operation centers are defined as those offices that plan, manage and coordinate operational processes in the Renewables business

### ASSETS (MILLION R$) [GRI 102-7]

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Total consolidated assets | 6,160 | 6,821 | 9,560 |
| Gross fixed assets in exploration | 6,988 | 7,216 | 9,140 |
| Accumulated amortization and provisions | -1,581 | -1,822 | -2,061 |
| Net fixed assets in exploration | 5,408 | 5,394 | 7,079 |
| Gross fixed assets in progress | 752 | 1,427 | 2,481 |
| Provision | 0 | 0 | 0 |
| Net fixed assets in progress | 752 | 1,427 | 2,481 |

### ENERGY USERS WHO ARE ALSO PRODUCERS (NO.) [GRI EU3]

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| **Neoenergia consolidated** | **16,841** | **25,714** | **109,817** |
| Neoenergia Coelba | 4,130 | 9,345 | 37,425 |
| Neoenergia Pernambuco | 1,987 | 4,709 | 19,932 |
| Neoenergia Cosern | 1,502 | 3,667 | 15,243 |
| Neoenergia Elektro | 4,429 | 7,993 | 31,616 |
| Neoenergia Brasília [1] | - | - | 5,601 |

[1] Neoenergia Brasília data were consolidated as of March 2021.

### MEMBERSHIP OF ASSOCIATIONS [GRI 102-13]

Associação Brasileira dos Comercializadores de Energia (Abraceel); Associação Brasileira dos Contadores do Setor Elétrico (Abracone); Associação Brasileira de Distribuidores de Energia Elétrica (Abradee); Associação Brasileira de Geradoras de Energia Elétrica (Abrage); Associação Brasileira de Energia Solar Fotovoltaica (Absolar); Associação Brasileira dos Produtores Independentes de Energia Elétrica (Apine); Associação Brasileira das Empresas de Transmissão de Energia Elétrica (Abrate); Federação das Indústrias da Bahia (Fieb); Instituto Abradee da Energia; Associação Brasileira de Geradoras Termelétricas (Abraget); Associação Brasileira de Comunicação Empresarial (Aberje); American Chamber Of Commerce (Amcham); Associação Brasileira de Energia Eólica (Abeeolica); Centro Brasileiro de Relações Internacionais (Cebri); Associação Brasileira de Relações Institucionais (Abrig); Associação Brasileira de Infraestrutura e Indústrias de Base (Abdib); Instituto Acende Brasil.

**Total value of contributions – 2019**: R$ 5,140,044.30; **2020**: R$ 5,193,094.80; **2021**: R$ 5,964,188.70.

## CERTIFICATIONS

2021

| Certification | Company | Scope | Expiration |
|---|---|---|---|
| ISO 37001:2016 | Neoenergia | Anti-bribery management systems | 02/01/2023 |
| ISO 10002:2018 | Neoenergia Elektro, Neoenergia Pernambuco, Neoenergia Cosern e Neoenergia Coelba | Customer complaints handling | 12/17/2022 |
| ISO 9001:2015 | Neoenergia Elektro, Neoenergia Pernambuco, Neoenergia Cosern e Neoenergia Coelba | Data collection and verification of commercial standards; Collection and verification of individual and collective data on the electrical system; Collection and generation of data to assess the quality indicators of contact centers; Management of complaints to Ombudsman's Office; Management of complaint tickets; Customer complaint handling; Calibration of electricity meters (Neoenergia Cosern only) | Neoenergia Elektro: 12/04/2022,<br>Neoenergia Pernambuco: 12/04/2022<br>Neoenergia Cosern: 01/22/2023<br>Neoenergia Coelba: 12/02/2022 |
| ISO 45001:2018 | Neoenergia Coelba | Light corrective and preventive maintenance activities in the electricity distribution network in the Agreste region of Bahia | 12/21/2024 |
| ISO 45001:2018 | Neoenergia Elektro | Light corrective and preventive mainte-nance activities in the electricity distribution network | 03/11/2024 |
| ISO 45001:2018 | Neoenergia Cosern | Light corrective and preventive maintenance activities in the electricity distribution network in the metropolitan area of Natal (RN) | 02/20/2023 |
| ISO 45001:2018 | Neoenergia Pernambuco | Light Corrective and Preventive Maintenance Activities on the Network | 05/17/2024 |
| ISO 14001:2015 | Neoenergia Elektro | Electricity network construction, maintenance and operation services; Electricity distribution | 12/04/2022 |
| ISO 14001:2015 | Neoenergia Pernambuco | Administrative activities at Neoenergia Pernambuco's headquarters building; Power generation at the Tubarão Thermal Power Plant. | 12/03/2022 |
| ISO 9001:2015<br>ISO 14001:2015<br>ISO 45001:2018 | Termopernambuco | Electricity generation | 05/20/2024 |
| ISO 9001:2015 | Neoenergia Renováveis S.A. | Operation of renewable energy facilities in Spain, the United Kingdom, Mexico, Brazil and the United States. | May 2024 |
| ISO 14001:2015 | Neoenergia Renováveis S.A. | Renewable Energy Generation (Operation and Maintenance of Wind Farms) | December 2022 |
| ISO 45001: 2018 | Neoenergia Renováveis S.A. | Operation and Maintenance of onshore wind farms in Brazil | April 2024 |
| | UHE Teles Pires | Operation and maintenance of the plant | February 2024 |
| | UHE Itapebi | Operation and maintenance of the plant | ISO 9001:2015: November 2023<br>ISO 14001:2015: Maio 2024<br>ISO 45001:2018: Maio 2023 |
| ISO 9001:2015<br>ISO 14001:2015<br>ISO 45001:2018 | UHE Corumbá | Operation and maintenance of the plant | ISO 9001:2015: February 2024<br>ISO 14001:2015: February 2024<br>ISO 45001:2018: February 2023 |
| | UHE Dardanelos | Operation and maintenance of the plant | February 2023 |
| | UHE Baixo Iguaçu | Operation and maintenance of the plant | March 2024 |
| | UHE Baguari | Operation and maintenance of the plant | April 2023 |

## RENEWABLE GENERATION ASSETS – 2021

| | Neoenergia share (%) [1] | Installed capacity (MW) | Installed capacity (MW)[2] |
|---|---|---|---|
| **IN OPERATION** | | | |
| **Hydroelectric plants** | - | 14,362.60 | 3,030.61 |
| Itapebi – Rio Jequitinhonha (BA) | 100% | 462.00 | 462.00 |
| Corumbá III – Rio Corumbá (GO) | 70% | 96.50 | 67.55 |
| Baguari – Rio Doce (MG) | 51% | 140.00 | 71.40 |
| Águas da Pedra (UHE Dardanelos) – Rio Aripuanã (MT) | 51% | 261.00 | 133.11 |
| Teles Pires – Rio Teles Pires (MT/PA) | 51% | 1,819.80 | 928.10 |
| Belo Monte – Rio Xingu (PA) | 10% | 11,233.10 | 1,123.31 |
| Geração Céu Azul – Baixo Iguaçu – Rio Iguaçu (PR) | 70% | 350.20 | 245.14 |
| **Wind farms – onshore** | **100%** | **984.0** | **984.0** |
| Arizona 1– Rio do Fogo (RN) | 100% | 28.00 | 28.00 |
| Mel 2 – São José do Sabugi (PB) | 100% | 20.00 | 20.00 |
| Caetité 1 – Caetité (BA) | 100% | 30.00 | 30.00 |
| Caetité 2 – Caetité (BA) | 100% | 30.00 | 30.00 |
| Caetité 3 – Caetité (BA) | 100% | 30.00 | 30.00 |
| Calango 1 – Bodó, Lagoa Nova (RN) | 100% | 30.00 | 30.00 |
| Calango 2 – Bodó, Lagoa Nova (RN) | 100% | 30.00 | 30.00 |
| Calango 3 – Bodó, Lagoa Nova (RN) | 100% | 30.00 | 30.00 |
| Calango 4 – Bodó, Lagoa Nova (RN) | 100% | 30.00 | 30.00 |
| Calango 5 – Bodó, Lagoa Nova (RN) | 100% | 30.00 | 30.00 |
| Calango 6 – Areia Branca (RN) | 100% | 30.00 | 30.00 |
| Santana 1 – Bodó (RN) | 100% | 30.00 | 30.00 |
| Santana 2 – Lagoa Nova (RN) | 100% | 24.00 | 24.00 |
| Canoas – São José do Sabugi (PB) | 100% | 31.50 | 31.50 |
| Lagoa 1 – Santa Luzia (PB) | 100% | 31.50 | 31.50 |
| Lagoa 2 – São José do Sabugi (PB) | 100% | 31.50 | 31.50 |
| Rio do Fogo – Rio do Fogo (RN) | 100% | 49.30 | 49.30 |
| Chafariz (15 farms) | 100% | 471.2 | 471.2 |
| **UNDER CONSTRUCTION AND DEVELOPMENT** | | | |
| **Wind farms – onshore** | | | |
| Oitis (12 farms) | 100% | 566.5 | 566.5 |
| **Solar farms** | | | |
| Luzia (2 farms) | 100% | 149.3 MWp | 149.3 MWp |

[1] Direct and indirect participation.

[2] Corresponding to stakes in the project.

## TRANSMISSION ASSETS IN OPERATION – 2021

| | Location (state) | Km long | Capacity (MVA) | Neoenergia share |
|---|---|---|---|---|
| **Afluente T** | | | | |
| TLs 230 kV: Itagibá–Funil C-1; Brumado II–Itagibá C-1; Ford–Polo C-2; Polo–Camaçari IV C-2; Ford–Polo C-1; Polo–Camaçari IV C-1; Tomba–Gov. Mangabeira C-1; Tomba–Gov. Mangabeira | BA | 489.1 | - | 87.84% |
| TL 138 kV: Funil–Poções C-1 | | - | - | |
| Substations Polo, Ford, Funil, Camaçari e Itagibá – 230 KV | | - | - | |
| Substation Tomba – 230/69 kV – 400 | | - | 400 | |
| Substation Brumado II – 230/69 kV – 200 | | - | 200 | |
| **Potiguar Sul** | | | | |
| TL 500 kV Campina Grande III–Ceará-Mirim II-C2 | RN | 190.1 | - | 100% |
| **Dourados** | | | | |
| TLs 500 kV: Nova Porto Primavera–Rio Brilhante; Rio Brilhante–Campo Grande; TL 230 kV Nova Porto Primavera–Ivinhema | MS | 360 | - | 100% |
| **SE Narandiba** | | | | |
| Substation Narandiba – 230/69 kV | BA | - | 400 | 100% |
| Substation Brumado II – 230/138 kV | BA | - | 200 | 100% |
| Substation Extremoz II – 230/69 KV | RN | - | 300 | 100% |
| **Atibaia** | | | | |
| Static compensator (300/-150MVar) Fernão Dias | SP | - | - | 100% |
| **Sobral** | | | | |
| Static compensator (250/-150MVar) | CE | - | - | 100% |
| **Biguaçu** | | | | |
| Static reactive compensator (-100/+300MVar) | SC | - | - | 100% |
| **Jalapão** | | | | |
| TL 500 kV Miracema –Gilbu s II –Barreiras II | BA/TO/PI/MA | 728 | - | 100% |
| **Santa Luzia** | | | | |
| TLs 500 kV Santa Luzia II – Campina Grande III; Santa Luzia II – Milagres II | CE/PB | 345 | - | 100% |

## TRANSMISSION ASSETS UNDER CONSTRUCTION AND DEVELOPMENT – 2021

| Auction | Lot | Asset | Location | Km long | Start of operation (Aneel) |
|---|---|---|---|---|---|
| Dec 2018 | Lot 2 – Guanabara | 2 TLs 500 kV, 1 substation | RJ | 328 in double circuit | March 2024 |
| | Lot 3 – Itabapoana | 1 TL 500 KV | RJ, ES, MG | 239 in double circuit | March 2024 |
| | Lot 1 – Vale do Itajaí | 3 TLs 252 kV, 3 TLs 230 kV, 4 substations | SC | 673 | March 2024 |
| | Lot 14 – Lagoa dos Patos | 2 TLs 525 kV, 2 TLs 230 kV, 1 substation | RS, SC | 769 | March 2024 |
| Dec 2019 | Lot 9 – Rio Formoso | 2 TLs 500 kV | GO | 729 | March 2024 |
| Dec 2020 | Lot 2 – Morro do Chapéu | 3 TLs 500 kV, 1 TL 230 kV, 1 substation | BA, MG, ES | 1,091 | March 2025 |
| Dec 2021 | Lote – TBD | 3 synchronous compensator | MG | - | March 2025 |

## THERMAL GENERATION ASSETS IN OPERATION – 2021

| | Neoenergia share [1] | Installed capacity (MW) |
|---|---|---|
| **Thermoelectric plantss** | | |
| Total thermoelectric | 100% | 537.56 |
| Combined cycles – Termopernambuco (natural gas) Suape – Ipojuca (PE) | 100% | 532.76 |
| Tubarão/Neoenergia Pernambuco (diesel) Fernando de Noronha (PE) | 100% | 4.8 |

[1] Direct and indirect participation.

[2] Corresponding to stakes in the project.

## ENTITIES INCLUDED IN THE FINANCIAL STATEMENTS [GRI 102-45]

Subsidiárias: Companhia de Eletricidade do Estado da Bahia – Neoenergia Coelba; Companhia Energética de Pernambuco – Neoenergia Pernambuco; Companhia Energética do Rio Grande do Norte – Neoenergia Cosern; Elektro Redes S.A. – Neoenergia Elektro; Neoenergia Distribuição Brasília S.A.; Afluente Transmissão de Energia Elétrica S.A. – Afluente T; SE Narandiba S.A. – Narandiba; Potiguar Sul Transmissão de Energia S.A. – Potiguar Sul; Neoenergia Jalapão Transmissão de Energia S.A.– Jalapão; Neoenergia Santa Luzia Transmissão de Energia S.A. – Santa Luzia; Neoenergia Guanabara Transmissão de Energia S.A.– Guanabara; Neoenergia Itapaboana Transmissão de Energia S.A. – Itapaboana; Neoenergia Lagoa dos Patos Transmissão de Energia S.A. – Lagoa dos Patos; EKTT 6 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 6; EKTT 7 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 7; EKTT 8 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 8; EKTT 9 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 9; EKTT 10 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 10; Neoenergia Vale do Itajaí Transmissão de Energia S.A.– Vale do Itajaí; Neoenergia Dourados Transmissão de Energia S.A.– Dourados; Neoenergia Atibaia Transmissão de Energia S.A.– Atibaia; Neoenergia Biguaçu Transmissão de Energia S.A.– Biguaçu; Neoenergia Sobral Transmissão de Energia S.A.– Sobral; NC Energia S.A. – NC; Elektro Comercializadora de Energia Ltda. – EKCE; Termopernambuco S.A. – Termope; Itapebi Geração de Energia S.A. – Itapebi; Baguari I Geração de Energia Elétrica S.A. – Baguari; Geração CIII S.A. – Geração CIII; Geração Céu Azul S.A. – Geração Céu Azul; Bahia Pequena Central Hidrelétrica S.A. – Bahia PCH II; Santana 1 Energia Renovável S.A. – Santana 1; Santana 2 Energia Renovável S.A. – Santana 2; Calango 6 Energia Renovável S.A. – Calango 6; Lagoa 2 Energia Renovável S.A. – Lagoa 2; Canoas Energia Renovável S.A. – Canoas; Lagoa 1 Energia Renovável S.A. – Lagoa 1; Força Eólica do Brasil S.A. – FEB; Calango 1 Energia Renovável S.A. – Calango 1; Calango 4 Energia Renovável S.A. – Calango 4; Calango 5 Energia Renovável S.A. – Calango 5; Caetité 1 Energia Renovável S.A. – Caetité 1; Caetité 2 Energia Renovável S.A. – Caetité 2; Força Eólica do Brasil 1 S.A. – FEB 1; Calango 2 Energia Renovável S.A. – Calango 2; Calango 3 Energia Renovável S.A. – Calango 3; Caetité 3 Energia Renovável S.A. – Caetité 3; Arizona 1 Energia Renovável S.A. – Arizona 1; Mel 2 Energia Renovável S.A. – Mel 2; FE Participações S.A. – FPAR; Força Eólica do Brasil S.A. – FEB 2; Energia Renováveis do Brasil S.A. – Enerbrasil; Elektro Renováveis do Brasil S.A. – Elektro Renováveis; Chafariz 1 Energia Renovável S.A. – Chafariz 1; Chafariz 2 Energia Renovável S.A. – Chafariz 2; Chafariz 3 Energia Renovável S.A. – Chafariz 3; Chafariz 6 Energia Renovável S.A. – Chafariz 6; Chafariz 7 Energia Renovável S.A. – Chafariz 7; Lagoa 3 Energia Renovável S.A. – Lagoa 3; Lagoa 4 Energia Renovável S.A. – Lagoa 4; Canoas 2 Energia Renovável S.A. – Canoas 2; Canoas 4 Energia Renovável S.A. – Canoas 4; Chafariz 4 Energia Renovável S.A. – Chafariz 4; Chafariz 5 Energia Renovável S.A. – Chafariz 5; Canoas 3 Energia Renovável S.A. – Canoas 3; Ventos de Arapuá 1 Energia Renovável S.A. – Arapuá 1; Ventos de Arapuá 2 Energia Renovável S.A. – Arapuá 2; Ventos de Arapuá 3 Energia Renovável S.A. – Arapuá 3; Bonito 1 Energia Renovável S.A. – Bonito 1; Bonito 2 Energia Renovável S.A. – Bonito 2; Bonito 3 Energia Renovável S.A. – Bonito 3; Calango Solar 1 Energia Renovável S.A. – Calango Solar 1; Calango Solar 2 Energia Renovável S.A. – Calango Solar 2; Luzia 2 Energia Renovável S.A. – Luzia 2; Luzia 3 Energia Renovável S.A. – Luzia 3; Oitis 1 Energia Renovável S.A. – Oitis 1; Oitis 2 Energia Renovável S.A. – Oitis 2; Oitis 3 Energia Renovável S.A. – Oitis 3; Oitis 4 Energia Renovável S.A. – Oitis 4; Oitis 5 Energia Renovável S.A. – Oitis 5; Oitis 6 Energia Renovável S.A. – Oitis 6; Oitis 7 Energia Renovável S.A. – Oitis 7; Oitis 8 Energia Renovável S.A. – Oitis 8; Oitis 9 Energia Renovável S.A. – Oitis 9; Oitis 10 Energia Renovável S.A. – Oitis 10; Oitis 21 Energia Renovável S.A. – Oitis 21; Oitis 22 Energia Renovável S.A. – Oitis 22; Oitis 23 Energia Renovável S.A. – Oitis 23; Oitis 24 Energia Renovável S.A. – Oitis 24; Elektro Operação e Manutenção Ltda. – Elektro O&M; Neoenergia Serviços Ltda. – Neoserv; Neoenergia Operação e Manutenção S.A. – Neoenergia O&M; Bahia Geração de Energia S.A. – Bahia III; Belo Monte Participações S.A. – Belo Monte; Neoenergia investimentos S.A. – Neoinvest.
Coligadas: Norte Energia S.A. – NESA Geração Hidráulica; Energética Corumbá III S.A. – ECIII Geração Hidráulica
Joint ventures: Teles Pires Participações S.A. – Teles Pires Geração Hidráulica; Companhia Hidrelétrica Teles Pires S.A – CHTP Geração Hidráulica; Energética Águas da Pedra S.A. – EAPSA Geração Hidráulica.

# GOVERNANCE ASPECTS

## Ethics and integrity

### OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION |GRI 205-1| ODS 16,5, PG10

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Operations assessed for risks related to corruption | 100% | 100% | 100% |

### OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION (PURCHASES) – R$ THOUSAND |GRI 205-1| ODS 16,5, PG10

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Volume of purchases of general supplies in countries identified as at risk of corruption LOW | n/a | 772.44 | 1,501.66 |
| Volume of purchases of general supplies in countries identified as having a risk of corruption MEDIUM | n/a | 0 | 0 |
| Volume of purchases of general supplies in countries identified as at risk of corruption HIGH | n/a | 200,387.18 | 217,931.52 |

2021 values converted from euro to reais using the exchange rate of R$6.38.
2020 values converted from euro to reais using the exchange rate of R$6.38.
n/a – Not available.

### OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION (FUEL) –R$ |GRI 205-1| ODS 16,5, PG10

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Volume of fuel supply in countries identified as at risk of corruption LOW | n/a | n/a | 0 |
| Volume of fuel supply in countries identified as at risk of corruption MEDIUM | n/a | n/a | 35,616.84 |
| Volume of fuel supply in countries identified as at risk of corruption HIGH | n/a | n/a | 0 |

n/a – Not available.

### COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES |GRI 205-2| ODS 16,5, PG10

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | Nº | % | Nº | % | Nº | % |
| Total number of members of the governance body communicated | n/a | n/a | 108 | 75.5% | 80 | 98.7% |
| Total number of members of the governance body trained | n/a | n/a | n/a | n/a | 24 | 29.6% |
| Total number of employees communicated | n/a | n/a | 12,679 | 98.9% | 14,997 | 99.6% |
| Total number of employees trained | 9,699 | 82.6% | 12,131 | 94.7% | 14,155 | 94.0% |

n/a – Not available.

### INCIDENTS OF CORRUPTION |GRI 205-3| ODS 16,5, PG10

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Total incidents | 0 | 0 | 0 |
| Total layoffs | 0 | 0 | 0 |
| Total warnings | 0 | 0 | 0 |
| Contracts canceled for corruption | 0 | 0 | 0 |

### POLITICAL CONTRIBUTIONS (R$) |GRI 415-1| ODS 16,5, PG10

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Financial contributionS | 0.00 | 0.00 | 0.00 |
| In-kind contributionS | 0.00 | 0.00 | 0.00 |

# ENVIRONMENTAL ASPECTS

## Energy

### ENERGY CONSUMPTION WITHIN THE ORGANIZATION (GJ) [GRI 302-1] ODS 7,2, 7,3, ODS 8,4, ODS 12,2, ODS 13,1, PG7, PG8

| | NEOENERGIA | | | DISTRIBUTION | | | DISTRIBUTION – TUBARÃO PLANT [3] | | | TRANSMISSION | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| **Fuel by type** | | | | | | | | | | | | |
| Natural gas | 25,198,550 | 17,681,590 | 23,420,340 | 0 | 0 | 0 | n/a | n/a | 0 | 0 | 0 | 0 |
| Diesel | 567,283 | 519,534 | 402,354 | 330,170 | 330,725 | 387,259 | n/a | n/a | 87,405 | 89 | 135 | 543 |
| Gasoline | 35,767 | 41,820 | 25,139 | 35,759 | 41,372 | 20,709 | n/a | n/a | 0 | 0 | 77 | 258 |
| Ethanol | 45,832 | 51,654 | 119,505 | 45,832 | 42,256 | 118,509 | n/a | n/a | 0 | 0 | 102 | 164 |
| VNG | 519 | 107 | 0 | 519 | 107 | 0 | n/a | n/a | 0 | 0 | - | - |
| **Fuel total** | **25,847,952** | **18,294,705** | **23,987,769** | **412,281** | **414,459** | **547,176** | **n/a** | **n/a** | **87,405** | 89 | 314 | 995 |
| **Electricity purchased** | | | | | | | | | | | | |
| Buildings | 244,181 | 157,165 | 57,567 | 166,996 | 76,117 | 50,209 | n/a | n/a | 0 | 37 | 985 | 0 |
| Stop and pumping | 57,737 | 78,583 | 60,076 | 0 | 0 | 0 | n/a | n/a | 0 | 0 | 0 | - |
| **Total electricity purchased** | **301,917** | **235,748** | **117,643** | **166,996** | **76,117** | **50,209** | **n/a** | **n/a** | **87,405** | 37 | **985** | **0** |
| **Energy sold** | | | | | | | | | | | | |
| Energy sold (non-renewable) [1] | 14,350,518 | 19,230,192 | 11,594,277 | n/a | 4,842,000 | 0 | n/a | n/a | 87,405 | 0 | 0 | 0 |
| **Total energy consumption [2]** | **26,149,870** | **18,530,452** | **12,447,762** | **579,277** | **490,576** | **514,284** | **n/a** | **n/a** | **87,405** | **126** | **1,298** | **995** |

## ENERGY CONSUMPTION WITHIN THE ORGANIZATION (GJ)

|GRI 302-1| ODS 7,2, 7,3, ODS 8,4, ODS 12,2, ODS 13,1, PG7, PG8

| | THERMAL GENERATION | | | RENEWABLE GENERATION | | |
|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| **Fuel by type** | | | | | | |
| Natural gas | 25,198,550 | 17,681,590 | 23,420,340 | 0 | 0 | 0 |
| Diesel | 236,253 | 187,740 | 0 | 772 | 934 | 1,118 |
| Gasoline | 0 | 0 | 19 | 8 | 372 | 323 |
| Ethanol | 0 | 0 | 77 | 0 | 9,297 | 613 |
| VNG | 0 | 0 | 0 | 0 | 0 | 0 |
| **Fuel total** | **25,434,803** | **17,869,330** | **23,420,436** | **780** | **10,603** | **1,756** |
| **Electricity purchased** | | | | | | |
| Buildings | 0 | 0 | 0 | 77,148 | 80,063 | 121 |
| Stop and pumping | 49,093 | 74,594 | 57,042 | 8,644 | 3,989 | 3,034 |
| **Total electricity purchased** | **49,093** | **74,594** | **57,042** | **85,791** | **84,052** | **3,155** |
| **Energy sold** | | | | | | |
| Energy sold (non-renewable)[1] | 14,350,518 | 14,388,192 | 11,593,277 | 0 | 0 | 0 |
| **Total energy consumption[2]** | **25,483,896** | **17,943,923** | **11,826,152** | **86,571** | **94,655** | **1,651** |

[1] In 2021 the calculation criteria were modified for consistency with parent group standards, with this item now including only non-renewable energy sold that has been produced by group generation businesses.

[2] In 2021 the calculation criteria were modified for consistency with parent group standards, as follows: Energy consumption within the organization = Fuel consumption + Purchased electricity - Non-renewable energy sold - Steam sold.

[3] Thermal plants included up to 2020: Termopernambuco and Tubarão (Fernando de Noronha). Beginning in 2021, the Tubarão Plant has been reported separately as it is associated with the Distribution business.

Diesel and gasoline are assumed to have a 100% fossil composition.

As from 2020, fuel/fleet data (diesel, gasoline and ethanol) include all businesses.

As from 2020, data on energy sold by distributors (renewable and non-renewable) is included.

Termopernambuco does not own diesel vehicles. Only diesel consumed by generators is reported.

Tubarão Plant: fuel includes diesel oil consumed by the plant in power generation and by the fleet.

Transmission: the increase reflects the installation of air conditioners, safety equipment and technology.

Distributors: fuels include only consumption by fleet vehicles.

Renewable/Hydropower Generation: fuels include only consumption by auxiliary generators in the operation of the plants, with the exception of Baguari, where consumption by the backhoe used for removing macrophytes (which until July 2017 was carried out by an outsourced company) is also included.

Renewable/Wind Generation: energy consumption not reported, since it is not relevant to the business.

Transmission companies: fuels used by backup generator sets to supply power to the substation in the event of a power outage in the network. Backup generator sets are used at all substations. In Narandiba, the step-down transformer itself is the source of power, which is not measured.

Conversion factors: diesel: 1,000 liters = 35.50 GJ; gasoline: 1,000 liters = 32.24 GJ; ethanol: 1,000 liters = 21.35 GJ; CNG: 1 m3 = 0.03935 GJ (1 m3 CNG = 10.932 kWh); Natural gas: v = E x 238,845.9/9,400, where: v = volume in m3; E = energy in GJ; 238,845.9 = conversion factor from GJ to Kcal; and 9,400 = contractual calorific value of gas

Sources of energy equivalence factors: 2019 National Energy Balance – EPE/MME and Comgás (CNG).

n/a – Not available.

## ENERGY CONSUMPTION INTENSITY |GRI 302-3| ODS 7,3, ODS 8,4, ODS 12,2, ODS 13,1, PG8

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Intensity of fossil fuel consumption (toe/GWh[1] | 181 | 173 | 174 |
| Energy generated (GWh) | 14,007 | 15,136 | 15,129 |
| Energy consumption of generators (GJ) | 25,774,504 | 18,038,578 | 23,422,193 |
| Intensity of internal energy consumption – power generation (GJ/GWh)[3] | 1,839 | 1,192 | 1,548 |
| Energy distributed (GWh) | 58,921 | 57,026 | 75,813 |
| Energy consumption of distributors (GJ) | 579,277 | 490,576 | 601,688 |
| Intensity of internal energy consumption – power distribution (GJ/GWh) | 9.8 | 8.6 | 7.9 |

[1] Conversion factor: 1GJ = 0.023888889 toe (tonne of oil equivalent).

# Water

## SOURCES OF WATER WITHDRAWALS [1] (m³) |GRI 303-3| ODS 6,4, PG7, PG8 – SASB IF-EU-140a.1

| | Neoenergia | | | Distribution [2] | | | Transmission [3] | | |
|---|---|---|---|---|---|---|---|---|---|
| **Sources of water** | **2019** | **2020** | **2021** | **2019** | **2020** | **2021** | **2019** | **2020** | **2021** |
| Seawater | 331,041,600 | 238,517,593 | 243,390,698 | 0 | 0 | 0 | 0 | 0 | 0 |
| Surface water (freshwater) | 4,663 | 2,552 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Groundwater | 74,585 | 9,174 | 0 | 68,036 | 0 | 0 | 10 | 0 | 0 |
| Treated wastewater | 16,078 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Municipal water supply | 331,366 | 243,707 | 264,581 | 143,842 | 75,707 | 74,040 | 74 | 26 | 429 |
| **Total** | **331,468,292** | **238,773,026** | **243,655,971** | **211,878** | **75,707** | **74,040** | **84** | **26** | **429** |

| | Thermal generation [4] | | | Renewable generation | | | Corporate | | |
|---|---|---|---|---|---|---|---|---|---|
| **Sources of water** | **2019** | **2020** | **2021** | **2019** | **2020** | **2021** | **2019** | **2020** | **2021** |
| Seawater | 331,041,600 | 238,517,593 | 243,390,698 | 0 | 0 | 0 | n/a | n/a | 0 |
| Surface water (freshwater) | 0 | 0 | 0 | 4,663 | 2,552 | 0 | n/a | n/a | 0 |
| Groundwater | 0 | 0 | 0 | 6,539 | 9,174 | 0 | n/a | n/a | 0 |
| Treated wastewater | 16,078 | 0 | 0 | 0 | 0 | 0 | n/a | n/a | 0 |
| Municipal water supply | 186,898 | 166,749 | 174,196 | 552 | 1,226 | 7,826 | n/a | n/a | 8,676 |
| **Total** | **331,244,576** | **238,684,342** | **243,565,000** | **11,754** | **12,951** | **7,826** | **n/a** | **n/a** | **8,676** |

[1] The data for 2021 may differ from those reported by the controlling group due to adjustments in the consolidation of water withdrawal data for offices at the sub-holding level.

[2] Distribution: includes data for the Tubarão plant, which is a part of the business. Groundwater volumes were not monitored in 2020.

[3] Transmission: The data include Afluente T.

[4] Thermal generation: The reduction in water withdrawals reflects maintenance shutdowns at Termopernambuco. In 2020, data on residual water was restated as the plant does not receive residual water from the utility. Data for prior years have not been restated.
n/a – Not available.

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## SOURCES OF WATER WITHDRAWAL FOR COOLING – TERMOPERNAMBUCO (m³) |GRI 303-3| ODS 6,4, PG7, PG8 – SASB IF-EU-140a.1

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | **Gross withdrawal** | **Gross withdrawal (%)** | **Gross withdrawal** | **Gross withdrawal (%)** | **Gross withdrawal** | **Gross withdrawal (%)** |
| Sea and brackish water | 331,041,600 | 100 | 238,517,593 | 100 | 243,390,700 | 100 |
| Rivers and groundwater | 0 | 0 | 0 | 0 | 0 | 0 |
| Lakes and reservoirs | 0 | 0 | 0 | 0 | 0 | 0 |
| Treated wastewater | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **331,041,600** | **100** | **238,517,593** | **100** | **243,390,700** | **100** |

## WATER QUALITY |GRI 303-3| ODS 6,4, PG7, PG8 – SASB IF-EU-140a.1

| | Termopernambuco | | Tubarão Plant | | Teles Pires | | Baguari | | Baixo Iguaçu | | Corumbá III | | Dardanelos | | Itapebi | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| **Withdrawn water quality** | | | | | | | | | | | | | | | | |
| Suspended solids – TSS (mg/l) | 20 | 30 | n/a | n/a | 0 | 14 | 77 | 13 | 51 | n/a | 58 | 27 | 1 | 5.5 | 6 | 4 |
| Temperature (oC) | 28 | 28 | n/a | n/a | 30 | 30 | 26 | 25 | 20 | n/a | 28 | 24 | 27 | 25.6 | 24 | 33 |
| Dissolved solids – TDS (mg/l) | n/a | 0 | n/a | n/a | 10 | 56 | 34 | 42 | 32 | n/a | 52 | 25 | 19 | 16.84 | 41 | 13 |
| Turbidity (NTU) | 25 | 50 | n/a | n/a | 5 | 8 | 173 | 25 | 6 | 1.23 | 1 | 24 | 6 | 11 | 84 | 8 |
| **Water discharge quality** | | | | | | | | | | | | | | | | |
| DQO (mg/l) | 101 | 647 | n/a | n/a | 0 | 6 | 7 | 34.52 | 37 | 3 | 4 | 15 | 3 | n/a | 7 | 12.8 |
| N-Total (mg/l) | 3 | 0.56 | n/a | n/a | 0 | 0.05 | 5 | 2.37 | 0 | 1,621 | 0 | 7 | n/a | n/a | 0 | 0.66 |
| P-Total (mg/l) | 0 | 0 | n/a | n/a | 0 | 0.04 | 0 | 0.01 | 0 | 9.73 | 0 | 0.14 | 0 | n/a | 0 | 0.01 |
| Total solids – TS (mg/l) | 389 | 34,988.47 | n/a | n/a | 10 | 12.66 | 162 | 17.50 | 57 | 52 | 0 | 25 | 20 | n/a | 43 | 17 |
| DBO (mg/l) | 14 | 288.17 | n/a | n/a | 0 | 1.96 | 2 | 2.66 | 4 | 1.50 | 0 | 7 | 1 | n/a | 0 | 2 |
| Temperature (oC) | 31 | 30.10 | n/a | n/a | 30 | 28.32 | 26 | 26.62 | 20 | 21.20 | 27 | 24 | 27 | n/a | 24 | 33.5 |
| pH – ppm. | 8 | 7.46 | n/a | n/a | 6 | 6.44 | 8 | 7.26 | 7 | 7.11 | 7 | 7 | 6 | n/a | 7 | 7.4 |

Facilities in water stress zones: Neoenergia Pernambuco, Neoenergia Coelba, Neoenergia Cosern, Neoenergia Elektro, Afluente T, Narandiba, Baixo Iguaçu, Itapebi, Rio do Fogo, Arizona I, Complexo Calango, Mel 2, Complexo Caetité, Canoas, Lagoa I, Lagoa II.
n/a – Not available.

## COMSUMPTION OF WATER IN THERMAL POWER GENERATION (thousand m³)

|GRI 303-5| ODS 6,4, PG7, PG8

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| **Withdrawal** | **331,245** | **238,684** | **243,565** |
| Withdrawal for auxiliary and process ser-vices | 187 | 167 | 174 |
| Withdrawal for cooling | 331,058 | 238,518 | 243,391 |
| **Discharge** | **331,042** | **238,518** | **243,391** |
| Water evaporation by cooling | 0 | 0 | 0 |
| Wastewater | 331,042 | 238,518 | 243,391 |
| Water consumption (withdrawal minus discharge) | 203 | 167 | 174 |
| Percentage of water returned | 99.94% | 99.93% | 99.93% |

## COMSUMPTION OF WATER IN HYDROELECTRIC POWER GENERATION (thousand m³)

|GRI 303-5| ODS 6,4, PG7, PG8

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Volume de água turbinada | n/a | 142,154,000 | 80,758,543 |
| Água represada | n/a | 3,325,000 | n/a |
| Aumento anual de água de reservatório | n/a | 23,000 | 51,270 |

n/a – Not available.

## TOTAL WATER DISCHARGE [1] (m³) |GRI 303-4| ODS 6,3, PG7, PG8

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Seawater | 331,041,600 | 233,269,094 | 243,391,000 |
| Rivers | 0 | 0 | 0 |
| Lakes and reservoirs | 0 | 0 | 0 |
| Purification networks | 0 | 0 | 0 |
| **Total** | **331,041,600** | **233,269,094** | **243,391,000** |

[1] It only refers to Termopernambuco, where water discharge is relevant.

### DESCRIPTION OF WATER MANAGEMENT RISKS AND DISCUSSION OF STRATEGIES AND PRACTICES TO MITIGATE THESE RISKS – SASB IF-EU-140a.3

At a corporate level, the Neoenergia Group established in its Environmental and Biodiversity Policies the protection, conservation and sustainable use of natural resources as one of the priority lines of action for all companies in the Group. Neoenergia has an environmental management system that translates corporate environmental policies into environmental guidelines, aligning them with the Sustainable Development Goals and including the commitment to ensure the availability and sustainable management of water.

The group's corporate EMS includes a qualitative procedure for the analysis of environmental risks throughout life cycles at the Neoenergia Group's facilities. For each project phase, there are specific tools to assess, measure and mitigate the impact of the company's activities, including Environmental Impact Assessments, Environmental Control Plans and the Corporate Environmental Footprint.

## Biodiversity

### OPERATIONAL SITES IN OR ADJACENT TO PROTECTED AREAS |GRI 304-1| ODS 6,6, ODS 14,2, ODS 15,1, 15,5, PG8

| | 2020 | | | 2021 | | |
|---|---|---|---|---|---|---|
| **Installation** | **Location in relation to the protected area** | **Affected area** | **Protection type** | **Location in relation to the protected area** | **Affected area** | **Protection type** |
| Energy lines | Inside the area | 67,275 Km | Environmental Protection Areas (EPA) | Inside the area | 74,774 Km | Environmental Protection Areas (EPA) |
| Substations | Inside the area | 110 units | Environmental Protection Areas (EPA) | Inside the area | 130 units | Environmental Protection Areas (EPA) |
| Distribution substations [1] | Inside the area | 90,929 units | Environmental Protection Areas (EPA) | Inside the area | 85,874 units | Environmental Protection Areas (EPA) |
| Hydroelectric plants[1] | Inside the area | 3,355 hectares | Important Bird and Biodiversity Area (IBA), High-Biodiversity Wilderness Areas (HBWA), Biosphere Reserves designated by UNESCO, Key Biodiversity Areas (KBA), Pri-vate Natural Reserve (PNR) | Inside the area | 4,813 hectares | Important Bird and Biodiversity Area (IBA), High-Biodiversity Wilderness Areas (HBWA), Biosphere Reserves designated by UNESCO, Key Biodiversity Areas (KBA), Pri-vate Natural Reserve (PNR) |
| | Adjacent to the area | 1 unit | Biosphere Reserves designated by UNESCO, National Parks, Natural Monuments (NM) | Adjacent to the area | 1 unit | Biosphere Reserves designated by UNESCO, National Parks, Natural Monuments (NM) |
| Wind farms | Inside the area | 6 farms | Key Biodiversity Areas (KBA) | Inside the area | 8.32 hectares | Key Biodiversity Areas (KBA) |
| | Adjacent to the area | 2 farms | Key Biodiversity Areas (KBA), Environmental Protection Areas (EPA) | Adjacent to the area | 1 farm | Key Biodiversity Areas (KBA), Environmental Protection Areas (EPA) |

[1] The data on distribution substations and hydroelectric plants located in protected areas were restated after refining the spatial data for the Neoenergia group.

## PROTECTED OR RESTORED HABITATS | GRI 304-3| ODS 6,6, ODS 14,2, ODS 15,1, 15,5, PG8

These data are detailed in Neoenergia's Biodiversity Report, which can be accessed at this **link**

## BIODIVERSITY OF OFFSET HABITATS |GRI EU13| ODS 6,6, ODS 14,2, ODS 15,1, 15,4, 15,5,PG8

These data are detailed in Neoenergia's Biodiversity Report, which can be accessed at this **link**

## THREATENED SPECIES IN AREAS AFFECTED BY THE OPERATIONS

|GRI 304-4| ODS 6,6, ODS 14,2, ODS 15,1, 15,5, PG8

| | 2021 |
|---|---|
| **Total number of IUCN Red List species and national conservation list species (n)** | |
| Critically endangered (CR) | 4 |
| Endangered (EN) | 17 |
| Vulnerable (VU) | 33 |
| Near threatened (NT) | 34 |
| Least concern (LC) | 584 |

# Emissions

W|GRI 305-1, 305-2, 305-3| ODS 3,9, ODS 12,4, ODS 13,1, ODS 14,3, ODS 15,2, PG7, PG8

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| **Scope 1 – direct emissions** |GRI 305-1| SASB IF-EU-110a.1 [2, 3] | **1,024,141** | **750,128** | **986,065** |
| Power generation (fuel consumption) | 988,715 | 701,202 | 921,137 |
| Termopernambuco | 974,323 | 687,399 | 905,567 |
| Usina Tubarão (Fernando de Noronha) | 14,392 | 13,802 | 15,570 |
| Combustion in generation and non-generation facilities ($CH_4$) | 725 | 47 | 46 |
| Combustion in generation and non-generation facilities ($N_2O$) | 864 | | |
| Fugitive $SF_6$ emissions | 11,430 | 7,444 | 8,376 |
| Buildings (fuel consumption) [3] | 1 | 64.68 | 50 |
| Mobile combustion – vehicle fleet | 23,996 | 24,213 | 31,822 |
| Land use changes (cutting and pruning) [2, 3, 4] | n/a | 17,876 | 24,634 |
| **Scope 2 – indirect emissions – energy** |GRI 305-2| SASB IF-EU-110a.2 [3] | **538,802.00** | **490,242** | **967,717** |
| Electricity consumption from auxiliary generation systems during stop and pumping | 1,109 | 1,628 | 2,080 |
| Electricity consumption in buildings | 4,506 | 7,058 | 2,016 |
| Energy losses in the network (distribution and subtransmis-sion lines) | 533,187 | 567,754 | 963,621 |
| **Scope 3 – other indirect emissions** |GRI 305-3| SASB IF-EU-110a.1 [2, 3] | **4,141,152** | **1,313,031** | **2,344,106** |
| Travel by company employees | 5,174 | 828 | 541 |
| Supply chain | 3,227 | 828,434 | 508,456 |
| Company employee commuting | 12,795 | 5,736 | 7,041 |
| Energy purchased for sale to end consumers | 3,947,022 | 3,538,617 | 1,617,986 |
| Upstream emissions (fuels purchased and consumed) | 173 | 121,500 | 210,082 |

[1] 2021 data are preliminary and not yet audited. The final emissions inventory will be published on the Sustainability page of the Neoenergia website (www.neoenergia.com).

[2] 2019 data was restated based on the 2019 Emissions Inventory. |**GRI 102-48**|

[3] 2020 data was restated based on the 2020 Emissions Inventory. |**GRI 102-48**|

[4] This line item was introduced in 2021. |**GRI 102-48**|

n/a – Not available.

## OTHER SIGNIFICANT AIR EMISSIONS [1]

|GRI 305-7| ODS 3,9, ODS 12,4, ODS 14,3, ODS 15,2, PG7, PG8 SASB IF-EU-120a.1

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| **Termopernambuco** | | | |
| Nitrogen oxides (NOx) – ton | 205 | 141 | 194 |
| Sulfur oxide ($SO_2$) – ton | 10 | 4 | 10 |
| Particulate matter – ton | n/a | n/a | 0 |

[1] These emissions are only relevant at Termopernambuco.

n/a – Not available.

# Waste

## TOTAL WASTE [1] |GRI 306-3, 306-4, 306-5| ODS 3,9, ODS 6,3, ODS 12,4, 12,5, PG8

| | Consolidated Neoenergia | | | Distribution | | | Transmission | | | Thermal generation | | | Renewable generation – Hydro | | | Renewable generation – Wind | | | Corporate | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| **Hazardous waste (ton)** | | | | | | | | | | | | | | | | | | | | | |
| **Total waste** | **7,174** | **1,681** | **573** | **2,727** | **1,482** | **472** | **n/a** | **n/a** | **0** | **14** | **75** | **27** | **4,377** | **41** | **17** | **56** | **82** | **56** | **n/a** | **n/a** | **0** |
| Recycled, reused and other recovery methods | 7,066 | 1,093 | 469 | 2,680 | 1,054 | 452 | n/a | n/a | 0 | 0 | 1 | 1 | 4,363 | 7 | 8 | 23 | 31 | 8 | n/a | n/a | 0 |
| Deposit/Landfill and other disposal methods | 73 | 405 | 102 | 14 | 254 | 20 | n/a | n/a | 0 | 14 | 74 | 26 | 12 | 28 | 8 | 33 | 48 | 48 | n/a | n/a | 0 |
| Incineration | 33 | 184 | 1 | 32 | 174 | 0 | n/a | n/a | 0 | 0 | 0 | 0 | 1 | 6 | 1 | 0 | 3 | 0 | n/a | n/a | 0 |
| **Nonhazardous waste (ton)** | | | | | | | | | | | | | | | | | | | | | |
| **Total waste** | **34,757** | **23,869** | **18,752** | **24,576** | **22,349** | **18,282** | **n/a** | **n/a** | **1** | **249** | **1,462** | **303** | **9,916** | **35** | **58** | **16** | **23** | **71** | **n/a** | **n/a** | **38** |
| Recycled, reused and other recovery methods | 32,945 | 11,984 | 4,184 | 23,182 | 11,907 | 3,971 | n/a | n/a | 1 | 56 | 66 | 93 | 9,706 | 12 | 55 | 1 | 0 | 65 | n/a | n/a | 0 |
| Deposit/Landfill and other disposal methods | 1,043 | 11,872 | 14,549 | 626 | 10,442 | 14,294 | n/a | n/a | 0 | 193 | 1,396 | 210 | 209 | 11 | 1 | 15 | 23 | 6 | n/a | n/a | 38 |
| Incineration | 1 | 12 | 18 | 0 | 0 | 17 | n/a | n/a | 0 | 0 | 0 | 0 | 1 | 12 | 1 | 0 | 0 | 0 | n/a | n/a | 0 |

2021 data may differ from those reported for the parent group and in the Standardized Financial Statements due to consolidation adjustments to the sub-holding company-level waste data to include tree trimming waste.

[1] Up to 2019, data on liquid waste stated by weight (in kilos) was converted assuming a density of 1.3kg/m. For Termope, a conversion ratio of 1kg/l was used in 2020.
[2] In 2018 and 2019, the Belo Monte Dam was included in the reports even though Neoenergia had no control over the operation, but only a seat on the Board of Directors and on technical committees. As from 2020, environmental data is no longer reported for Belo Monte. Another factor explaining the reduction is that in 2019 the works in Baixo Iguaçu were completed, and large volumes of construction waste were disposed of. Therefore, the waste volumes reported in 2020 are compared to a very high baseline due to the construction waste at Baixo Iguaçu and Belo Monte.
Distribution: In relation to hazardous waste, in 2020 there was a significant reduction in disposal of substation equipment containing PCB. The 2019 was very aggressive target for 2019, and this meant that a larger volume of waste was generated than in the previous year.
Wind: In 2020 maintenance was carried out (major and minor preventive maintenance, major corrective maintenance and oil changes) that increased the volumes of waste.
Note: As of 2021, the control of waste in the Transmission business has also been carried out.
n/a – Not available.

## TOTA WASTE GENERATED[1] – 2021 |GRI 306-3| ODS 3,9, ODS 6,3, ODS 12,4, 12,5, PG8

| | | | | Thermal generation | Renewable generation | |
|---|---|---|---|---|---|---|
| | Consolidated Neoenergia | Corporate | Distribution | Transmission | Termope | Hydro | Wind |
| **Hazardous waste (ton)** | | | | | | | |
| **Total de resíduos gerados** | **737** | **0** | **630** | **0** | **27** | **23** | **56** |
| Electronic waste | 70 | 0 | 70 | 0 | 0 | 0 | 0 |
| Construction waste | 6 | 0 | 0 | 0 | 0 | 0 | 5 |
| Urban solid waste | 4 | 0 | 3 | 0 | 0 | 1 | 0 |
| Liquid oils and fuels | 368 | 0 | 350 | 0 | 1 | 9 | 8 |
| Batteries | 5 | 0 | 3 | 0 | 0 | 2 | 0 |
| Rest of waste | 283 | 0 | 205 | 0 | 26 | 10 | 43 |
| **Nonhazardous waste (ton)** | | | | | | | |
| **Total de resíduos gerados** | **18,620** | **38** | **18,125** | **17** | **304** | **65** | **71** |
| Construction waste | 1,060 | 38 | 948 | 0 | 68 | 0 | 6 |
| Urban solid waste | 1,787 | 0 | 1,494 | 1 | 223 | 5 | 65 |
| Waste from thermal processes | 62 | 0 | 62 | 0 | 0 | 0 | 0 |
| Vegetable waste | 14,294 | 0 | 14,294 | 0 | 0 | 0 | 0 |
| Rest of waste | 1,417 | 0 | 1,327 | 16 | 14 | 60 | 0 |

## ENVIRONMENTAL NON-COMPLIANCE |GRI 307-1| ODS 13,3, ODS 16,3, 16,6, ● PG8 – SASB IF-EU-140a.2

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Fines related to the environment (R$ thousand)[1] | 389 | 907 | 7,577 |
| Environmental sanctions (unit) [2,3] | 24 | 6 | 12 |
| Environmental dispute resolution mechanisms | 0 | 0 | 0 |

[1] Fines in 2021 – Neoenergia Cosern: the environmental authority, Idema, issued three fine notices due to the company's failure to license radio towers at substations. It also issued a fine notice due to the company's failure to timely renew a fire department inspection certificate (AVCB). Two fines were issued due to he company's failure to apply for a license after installing a replacement transformer with a higher power rating. The municipal environmental authority in Maxaranguape imposed a fine of R$ 186,000.00 in relation to an area around a lake that was cleared without a permit. Neoenergia Elektro: 11 fines were issued in 2021 in relation to activities with impacts on the environment. The company has not yet paid any of these fines (a total amount of R$ 326,340.96). Neoenergia Brasília: A fine was issued for felling trees of protected species in a protected area. Neoenergia has appealed against the fine and it has not yet been paid (R$ 5,000.00). Neoenergia Coelba: The municipal environmental authority imposed several fines due to: unauthorized or poorly executed tree trimming/felling; inappropriate waste disposal on a public road; power supply to illegal settlements in an environmentally sensitive area. The federal environmental authority imposed a fine for installing a photovoltaic system in a protected area without a permit from the appropriate authority. Neoenergia has submitted its defense in all cases, and has provided refresher training on tree trimming/felling and organized a workshop on installing power systems in areas with environmental restrictions (09 – R$ 7,057,400.00). Neoenergia Pernambuco: Four fines were imposed in connection with tree trimming waste (R$ 2,882.00)

[2] 2019 and 2020 data have been restated. |**GRI 102-48**|

[3] Sanctions in 2021 – Neoenergia Elektro: 10 non-monetary notices for noncompliance with environmental regulations. Neoenergia Coelba: The municipal environmental authority in Bom Jesus da Lapa issued two warnings due to tree trimming operations not conducted in accordance with municipal standards. The company has submitted its defense. The state environmental authority ordered a stoppage of construction of two photovoltaic systems at wildlife refuges without permission from the relevant authority. The company has submitted its defense.

## SOLAR ENERGY

| | 2020 | 2021 |
|---|---|---|
| **Photovoltaic solar power installed in third parties (kWh)** | | |
| Neoenergia Pernambuco | 0.52 | 1.78 |
| Neoenergia Coelba | 1.08 | 2.16 |
| Neoenergia Cosern | 0.00 | 0.25 |
| Neoenergia Elektro | 0.25 | 0.65 |
| **Estimated energy savings from photovoltaic systems (MWh)[1]** | | |
| Neoenergia Pernambuco | 3,907 | 4,445 |
| Neoenergia Coelba | 2,835 | 4,784 |
| Neoenergia Cosern | 0 | 105 |
| Neoenergia Elektro | 5,827 | 280 |

[1] Savings were calculated according to the installed powers and the radiation level of each city where the installation took place. The performance of energy efficiency projects is not the same throughout the year and varies according to the type, quantity and stage of projects being carried out by the program.

## GREEN SERVICES

| | 2020 | 2021 |
|---|---|---|
| **Estimated annual energy savings for contracted green products or services (MWh)** | | |
| Neoenergia Pernambuco | 5,996 | 3,968 |
| Neoenergia Coelba | 14,819 | 22,648 |
| Neoenergia Cosern | 3,781 | 2,713 |
| Neoenergia Elektro | 1,569 | 277 |

# SOCIAL ASPECTS

## People

### WORKERS BY REGION [1] |GR 102-8| ODS 8,5, ODS 10,3, PG6

| | 2019 | | | 2020 | | | 2021 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Men | Women | Total | Men | Women | Total | Men | Women | Total |
| Northeast | 6,144 | 1,446 | 7,590 | 6,999 | 1,572 | 8,571 | 8,088 | 1,742 | 9,830 |
| Midwest | 149 | 3 | 152 | 22 | 3 | 25 | 730 | 145 | 875 |
| Southeast | 3,315 | 682 | 3,997 | 3,503 | 698 | 4,201 | 3,522 | 816 | 4,338 |
| South | 0 | 0 | 0 | 16 | 1 | 17 | 14 | 1 | 15 |
| North | 7 | 0 | 7 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **9,615** | **2,131** | **11,746** | **10,540** | **2,274** | **12,814** | **12,354** | **2,704** | **15,058** |

[1] All company employees work full time and all interns work part time.

### INTERNS BY REGION |GR 102-8| ODS 8,5, ODS 10,3, PG6

| | 2019 | | | 2020 | | | 2021 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Men | Women | Total | Men | Women | Total | Men | Women | Total |
| Northeast | 215 | 203 | 418 | 213 | 213 | 426 | 175 | 168 | 343 |
| Midwest | 0 | 0 | 0 | 0 | 0 | 0 | 35 | 27 | 62 |
| Southeast | 54 | 55 | 109 | 94 | 70 | 164 | 96 | 63 | 159 |
| South | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| North | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **269** | **258** | **527** | **307** | **283** | **590** | **306** | **258** | **564** |

### CONTRACTORS BY REGION[1] |GR 102-8| ODS 8,5, ODS 10,3, PG6

| | 2019 | 2020 | 2021 | | |
|---|---|---|---|---|---|
| | | | Men | Women | Total |
| Northeast | 24,607 | 22,993 | 20,673 | 2,653 | 23,326 |
| Midwest | 10 | 0 | 1,541 | 102 | 1,643 |
| Southeast | 1,627 | 1,750 | 1,808 | 557 | 2,365 |
| South | 0 | 0 | 548 | 59 | 607 |
| North | 0 | 0 | 47 | 5 | 52 |
| **Total** | **25,704** | **24,743** | **24,617** | **3,377** | **27,993** |

[1] In 2019 and 2020 there was no control of data on gender, employment contract and type of employment of outsourced workers.

### EMPLOYEES BY TYPE OF EMPLOYMENT AND CONTRACT |GRI 102-8| ODS 8,5, ODS 10,3, PG6

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| **By gender, type of employment, contract and age group (number)** | **Men** | **Women** | **Men** | **Women** | **Men** | **Women** |
| **Type of employment** | **9,615** | **2,131** | **10,540** | **2,274** | **12,354** | **2,704** |
| Full time | 9,615 | 2,131 | 9,396 | 2,074 | 11,481 | 2,501 |
| Part time | 0 | 0 | 1,144 | 200 | 873 | 203 |
| **Type of contract** | **9,615** | **2,131** | **10,540** | **2,274** | **12,354** | **2,704** |
| Undefined | 9,609 | 2,128 | 10,537 | 2,272 | 12,343 | 2,702 |
| Temporary | 6 | 3 | 3 | 2 | 11 | 2 |
| **Type of employment** | | | | | | |
| Full time | 9,615 | 2,131 | 9,396 | 2,074 | 11,481 | 2,501 |
| Up to 30 years old | 2,644 | 688 | 2,601 | 653 | 2,996 | 804 |
| Between 31 and 50 years | 6,147 | 1,323 | 6,104 | 1,316 | 7,769 | 1,587 |
| Over 50 years | 824 | 120 | 691 | 105 | 716 | 110 |
| Part time | 0 | 0 | 1,144 | 200 | 873 | 203 |
| Up to 30 years old | 0 | 0 | 243 | 62 | 159 | 62 |
| Between 31 and 50 years | 0 | 0 | 837 | 119 | 666 | 119 |
| Over 50 years | 0 | 0 | 64 | 19 | 48 | 22 |
| **Type of contract** | | | | | | |
| Undefined | 9,609 | 2,128 | 10,537 | 2,272 | 12,343 | 2,702 |
| Up to 30 years old | 2,642 | 685 | 2,842 | 713 | 3,149 | 864 |
| Between 31 and 50 years | 6,144 | 1,323 | 6,940 | 1,435 | 8,430 | 1,706 |
| Over 50 years | 823 | 120 | 755 | 124 | 764 | 132 |
| **Temporary** | **6** | **3** | **3** | **2** | **11** | **2** |
| Up to 30 years old | 2 | 3 | 2 | 2 | 6 | 2 |
| Between 31 and 50 years | 3 | 0 | 1 | 0 | 5 | 0 |
| Over 50 years | 1 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **9,615** | **2,131** | **10,540** | **2,274** | **12,354** | **2,704** |

### EMPLOYEES BY TYPE OF CONTRACT AND REGION – 2021 (number) |GRI 102-8| ODS 8,5, ODS 10,3, PG6

| | Northeast | North | Midwest | South | Southeast |
|---|---|---|---|---|---|
| **Type of contract** | **9,830** | **0** | **875** | **15** | **4,338** |
| Undefined contract | 9,822 | 0 | 875 | 15 | 4,333 |
| Temporary contract | 8 | 0 | 0 | 0 | 5 |

## EMPLOYEES BY FUNCTIONAL CATEGORY |GR 102-8| ODS 8,5, ODS 10,3, PG6

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | Men | Women | Men | Women | Men | Women |
| **Number** | | | | | | |
| Direct leadership | 79 | 19 | 254 | 97 | 286 | 102 |
| Intermediate controls and qualified technicians | 1,804 | 1,187 | 1,708 | 1,194 | 1,869 | 1,301 |
| Support staff and teams | 7,732 | 925 | 8,578 | 983 | 10,199 | 1,301 |
| **Percentage (of the total number of employees)** | | | | | | |
| Direct leadership | 0.7% | 0.2% | 2.0% | 0.8% | 1.9% | 0.7% |
| Intermediate controls and qualified technicians | 15.4% | 10.1% | 13.3% | 9.3% | 12.4% | 8.6% |
| Support staff and teams | 65.8% | 7.9% | 66.9% | 7.7% | 67.7% | 8.6% |
| **Percentage (on the total of the category)** | | | | | | |
| Direct leadership | 80.6% | 19.4% | 72.4% | 27.6% | 73.7% | 26.3% |
| Intermediate controls and qualified technicians | 60.3% | 39.7% | 58.9% | 41.1% | 59.0% | 41.0% |
| Support staff and teams | 89.3% | 10.7% | 89.7% | 10.3% | 88.7% | 11.3% |
| **TYPE OF EMPLOYMENT** | | | | | | |
| **Full time** | **9,615** | **2,131** | **9,396** | **2,074** | **11,481** | **2,501** |
| Direct leadership | 79 | 19 | 254 | 97 | 286 | 102 |
| Intermediate controls and qualified technicians | 1,804 | 1,187 | 1,695 | 1,189 | 1,856 | 1,297 |
| Support staff and teams | 7,732 | 925 | 7,447 | 788 | 9,339 | 1,102 |
| **Part time** | **0** | **0** | **1,144** | **200** | **873** | **203** |
| Direct leadership | 0 | 0 | 0 | 0 | 0 | 0 |
| Intermediate controls and qualified technicians | 0 | 0 | 13 | 5 | 13 | 4 |
| Support staff and teams | 0 | 0 | 1,131 | 195 | 860 | 199 |
| **TYPE OF CONTRACT** | | | | | | |
| **Undefined contract** | **9,609** | **2,128** | **10,537** | **2,272** | **12,343** | **2,702** |
| Direct leadership | 78 | 19 | 254 | 97 | 286 | 102 |
| Intermediate controls and qualified technicians | 1,803 | 1,186 | 1,707 | 1,193 | 1,868 | 1,301 |
| Support staff and teams | 7,728 | 923 | 8,576 | 982 | 10,189 | 1,299 |
| **Temporary contract** | **6** | **3** | **3** | **2** | **11** | **2** |
| Direct leadership | 1 | 0 | 0 | 0 | 0 | 0 |
| Intermediate controls and qualified technicians | 1 | 1 | 1 | 1 | 1 | 0 |
| Support staff and teams | 4 | 2 | 2 | 1 | 10 | 2 |
| **Total** | **9,615** | **2,131** | **10,540** | **2,274** | **12,354** | **2,704** |

Direct leadership: directors, superintendents and managers; Intermediate controls and qualified technicians: supervisors, specialists and analysts; Support staff and teams: administrative, technical and operational personnel.

2020 data reclassified due to the inclusion of managers in the "Direct leadership category". |**GRI 102-48**|

## EMPLOYEES BY AGE GROUP |GR 102-8| ODS 8,5, ODS 10,3, PG6

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | Men | Women | Men | Women | Men | Women |
| **Total** | **9,615** | **2,131** | **10,540** | **2,274** | **12,354** | **2,704** |
| Up to 30 years old | 2,644 | 688 | 2,844 | 715 | 3,155 | 866 |
| Between 31 and 50 years | 6,147 | 1,323 | 6,941 | 1,435 | 8,435 | 1,706 |
| Over 50 years | 824 | 120 | 755 | 124 | 764 | 132 |
| **Weighted average age** | **36.6** | **35** | **36.1** | **35.6** | **36.31** | **35.62** |

## NEW EMPLOYEE HIRES |GRI 401-1| ODS 5,1, ODS 8,2, 8,5, 8,6, ODS 10,3, PG6

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| **By gender and age group** | Men | Women | Men | Women | Men | Women |
| **Number** | **1,222** | **324** | **1508** | **278** | **2152** | **525** |
| Up to 30 years old | 643 | 177 | 754 | 153 | 1032 | 290 |
| Between 31 and 50 years | 563 | 132 | 745 | 122 | 1110 | 231 |
| Over 50 years | 16 | 15 | 9 | 3 | 10 | 4 |
| **Total** | **9,615** | **2,131** | **10,540** | **2,274** | **12,354** | **2,704** |
| **Percentage** | **13%** | **15%** | **14%** | **12%** | **17%** | **19%** |
| Up to 30 years old | 24.32% | 25.73% | 26.51% | 21.40% | 32.71% | 33.49% |
| Between 31 and 50 years | 9.16% | 9.98% | 10.73% | 8.50% | 13.16% | 13.54% |
| Over 50 years | 1.94% | 12.50% | 1.19% | 2.42% | 1.31% | 3.03% |

## EMPLOYEE TURNOVER (%) |GRI 401-1| ODS 5,1, ODS 8,2, 8,5, 8,6, ODS 10,3, PG6

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| **By gender, age group and seniority** | Men | Women | Men | Women | Men | Women |
| **By age group** | | | | | | |
| Up to 30 years old | 4.8 | 7.99 | 5.8 | 10.35 | 7.13 | 6.81 |
| Between 31 and 50 years | 4.33 | 5.97 | 6.3 | 6.76 | 6.19 | 6.39 |
| Over 50 years | 16.14 | 19.17 | 6.45 | 15.36 | 30.89 | 21.97 |
| **By seniority** | | | | | | |
| To 10 years | 4.67 | 8.19 | 6.08 | 8.73 | 6.52 | 6.81 |
| Between 11 and 20 years | 3.57 | 3.76 | 7.12 | 4.62 | 6.02 | 6.4 |
| Over 20 years | 16.03 | 14.43 | 14.93 | 7.79 | 29.07 | 17.12 |
| **Total turnover** | **5.47** | **7.37** | **6.81** | **7.87** | **7.96** | **7.29** |

## LAYOFFS IN THE COMPANY |GRI 401-1| ODS 5,1, ODS 8,2, 8,5, 8,6, ODS 10,3, PG6

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | **Men** | **Women** | **Men** | **Women** | **Men** | **Women** |
| **By age group (number)** | **345** | **67** | **370** | **73** | **533** | **80** |
| Up to 30 years old | 61 | 16 | 68 | 21 | 127 | 18 |
| Between 31 and 50 years | 182 | 36 | 239 | 44 | 307 | 46 |
| Over 50 years | 102 | 15 | 63 | 8 | 99 | 16 |
| **By age group (percentage)** | | | | | | |
| Up to 30 years old | 2.3% | 2.3% | 2.39% | 2.94% | 4.03% | 2.08% |
| Between 31 and 50 years | 2.9% | 2.7% | 3.44% | 3.07% | 3.64% | 2.7% |
| Over 50 years | 12.4% | 12.5% | 8.34% | 6.45% | 12.96% | 12.12% |
| **By company time (number)** | **345** | **67** | **370** | **73** | **533** | **80** |
| Up to 10 years | 184 | 46 | 9 | 3 | 6 | 5 |
| Between 11 and 20 years | 49 | 9 | 51 | 34 | 72 | 34 |
| Over 20 years | 112 | 12 | 310 | 36 | 455 | 41 |
| **By functional category [1] (number)** | **345** | **67** | **370** | **73** | **533** | **80** |
| Direct leadership | 4 | 3 | 9 | 3 | 6 | 5 |
| Intermediate controls and qualified technicians | 78 | 32 | 51 | 34 | 72 | 34 |
| Support staff and teams | 263 | 32 | 310 | 36 | 455 | 41 |
| **By functional category [1] (percentage)** | | | | | | |
| Direct leadership | 0.03% | 0.03% | 0.07% | 0.02% | 0.04% | 0.03% |
| Intermediate controls and qualified technicians | 0.66% | 0.27% | 0.40% | 0.27% | 0.48% | 0.23% |
| Support staff and teams | 2.24% | 0.27% | 2.42% | 0.28% | 3.02% | 0.27% |
| **Total (number)** | **345** | **67** | **370** | **73** | **533** | **80** |
| **Total (%)** | **3%** | **1%** | **3%** | **1%** | **4%** | **1%** |

[1] Direct leadership: directors, superintendents and managers; Intermediate controls and qualified technicians: supervisors, specialists and analysts; Support staff and teams: administrative, technical and operational personnel.
2020 layoffs data by functional category reclassified due to the inclusion of managers in the "Direct leadership category". |**GRI 102-48**|

## REMOVAL OF EMPLOYEES BY AGE AND CATEGORY[1]

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | **Men** | **Women** | **Men** | **Women** | **Men** | **Women** |
| **By age group** | **526** | **157** | **718** | **179** | **983** | **197** |
| Up to 30 years old | 127 | 55 | 165 | 74 | 225 | 59 |
| Between 31 and 50 years | 266 | 79 | 437 | 97 | 522 | 109 |
| Over 50 years | 133 | 23 | 116 | 8 | 236 | 29 |
| **By seniority** | **n/a** | **n/a** | **718** | **179** | **983** | **197** |
| To 10 years | n/a | n/a | 516 | 152 | 606 | 138 |
| Between 11 and 20 years | n/a | n/a | 96 | 21 | 134 | 34 |
| Over 20 years | n/a | n/a | 106 | 6 | 243 | 25 |

[1] Contemplate all reasons for dismissals that occurred in the company.
n/a – Not available.

## PROMOTIONS BY CATEGORY (number)

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | **Men** | **Women** | **Men** | **Women** | **Men** | **Women** |
| **By category** | | | | | | |
| Direct leadership | n/a | n/a | 19 | 8 | 39 | 9 |
| Intermediate controls and qualified technicians | n/a | n/a | 217 | 128 | 238 | 158 |
| Support staff and teams | n/a | n/a | 411 | 45 | 762 | 87 |

Direct leadership: directors, superintendents and managers; Intermediate controls and qualified technicians: supervisors, specialists and analysts; Support staff and teams: administrative, technical and operational personnel.

2020 data reclassified due to the inclusion of managers in the "Direct leadership category". |**GRI 102-48**|

n/a – Not available

## PARENTAL LEAVE AND REINTEGRATION |GRI 401-3| ODS 5,1, ODS 8,5, ODS 10,3, PG6

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| **Leave and reinstatement after maternity/paternity leave** | **Men** | **Women** | **Men** | **Women** | **Men** | **Women** |
| Number of employees entitled to parental leave (number) | 9,615 | 2,131 | 10,540 | 2,274 | 12,354 | 2,704 |
| Percentage of employees entitled to parental leave (%) | 100 | 100 | 100 | 100 | 100 | 100 |
| Number of employees who took parental leave (number) | 426 | 100 | 316 | 75 | 469 | 84 |
| Number of employees who returned to work after parental leave (number) | 426 | 100 | 316 | 75 | 466 | 84 |
| Number of employees who returned to work after their parental leave ended and were still employed 12 months after their return to work (number) | 421 | 94 | 310 | 73 | 295 | 48 |
| Return to work rate (%) | 100 | 100 | 100 | 100 | 99.36 | 100 |

## LEAVE, RETURN TO WORK AND EMPLOYEE RETENTION – 2021

| | Women | Men | Total |
|---|---|---|---|
| Number of employees with expected leave return | 86 | 466 | 552 |
| Number of employees who returned from leave | 86 | 466 | 552 |
| Return to work rate | 100% | 100% | 100% |
| Number of employees who completed 1 year after returning from leave | 54 | 316 | 370 |
| Number of employees who remained active 1 year after returning from leave | 48 | 295 | 343 |
| Employee retention rate | 89% | 93% | 93% |

# DIVERSITY AND EQUAL OPPORTUNITY

## DIVERSITY BY GENDER |GRI 405-1| ODS 5,1, 5,5, ODS 8,5, PG6

| | 2019 | | 2020[3] | | 2021 | |
|---|---|---|---|---|---|---|
| **Functional category [1]** | **Men** | **Women** | **Men** | **Women** | **Men** | **Women** |
| **Number** | | | | | | |
| Direct leadership | 79 | 19 | 254 | 97 | 286 | 102 |
| Intermediate controls and qualified technicians | 1,804 | 1,187 | 1,708 | 1,194 | 1,869 | 1,301 |
| Support staff and teams | 7,732 | 925 | 8,578 | 983 | 10,199 | 1,301 |
| **Total empregados** | **9,615** | **2,131** | **10,540** | **2,274** | **12,354** | **2,704** |
| **Percentage [2]** | | | | | | |
| Direct leadership | 0.7% | 0.2% | 2.0% | 0.8% | 1.9% | 0.7% |
| Intermediate controls and qualified technicians | 15.4% | 10.1% | 13.3% | 9.3% | 12.4% | 8.6% |
| Support staff and teams | 65.8% | 7.9% | 66.9% | 7.7% | 67.7% | 8.6% |

[1] Direct leadership: directors, superintendents and managers; Intermediate controls and qualified technicians: supervisors, specialists and analysts; Support staff and teams: administrative, technical and operational personnel.

[2] Percentage share in each functional category.

[3] 2020 data reclassified due to the inclusion of managers in the "Direct leadership category". |GRI 102-48|

## DIVERSITY BY AGE GROUP |GRI 405-1| ODS 5. 1, 5,5, ODS 8,5, PG6

| | 2019 | | | 2020 | | | 2021 | | |
|---|---|---|---|---|---|---|---|---|---|
| **Functional category [1]** | **Up to 30** | **From 31 to 50** | **Over 50** | **Up to 30** | **From 31 to 50** | **Over 50** | **Up to 30** | **From 31 to 50** | **Over 50** |
| **Number** | | | | | | | | | |
| Direct leadership | 0 | 68 | 30 | 0 | 70 | 29 | 0 | 77 | 31 |
| Intermediate controls and qualified technicians | 679 | 1,998 | 314 | 699 | 2,164 | 291 | 738 | 2,426 | 286 |
| Support staff and teams | 2,653 | 5,404 | 600 | 2,860 | 6,142 | 559 | 3,283 | 7,638 | 579 |
| **Total** | **3,332** | **7,470** | **944** | **3,559** | **8,376** | **879** | **4,021** | **10,141** | **896** |
| **Percentage [2]** | | | | | | | | | |
| Direct leadership | 0.0% | 0.6% | 0.3% | 0.0% | 2.2% | 0.5% | 0.1% | 2.1% | 0.4% |
| Intermediate controls and qualified technicians | 5.8% | 17.0% | 2.7% | 5.4% | 15.3% | 2.0% | 4.8% | 14.5% | 1.7% |
| Support staff and teams | 22.6% | 46.0% | 5.1% | 22.3% | 47.9% | 4.4% | 21.8% | 50.7% | 3.8% |

[1] Direct leadership: directors, superintendents and managers; Intermediate controls and qualified technicians: supervisors, specialists and analysts; Support staff and teams: administrative, technical and operational personnel.
2020 data reclassified due to the inclusion of managers in the "Direct leadership category". |GRI 102-48|

[2] Percentage share in each functional category

## DIVERSITY OF BOARD OF DIRECTORS

|GRI 405-1|ODS 5. 1, 5,5, ODS 8,5, PG6

| | Number | | | Percentage | | |
|---|---|---|---|---|---|---|
| **By gender and age group** | **2019** | **2020** | **2021** | **2019** | **2020** | **2021** |
| Men | 10 | 20 | 19 | 95.2% | 95.2% | 100.0% |
| Women | 0 | 1 | 0 | 4.8% | 4.8% | 4.8% |
| Up to 30 | 0 | 0 | 0 | 0.0% | 0.0% | 0.0% |
| From 31 to 50 | 2 | 8 | 8 | 24.0% | 38.1% | 42.1% |
| Over 50 | 8 | 13 | 11 | 76.0% | 61.9% | 57.9% |

| | 2021 |
|---|---|
| **Board members (number)** | |
| Members who are also executives | 1 |
| Non-executive members | 18 |
| Independent | 3 |
| Term of mandate in years | 2 |

## DIVERSITY – EMPLOYEES BY MINORITY OR VULNERABLE GROUPS

|GRI 405-1|ODS 5. 1, 5,5, ODS 8,5, PG6

| | 2019[1] | 2020[1] | 2021 |
|---|---|---|---|
| **Race** | | | |
| Black men (black and mixed race) | n/a | n/a | 7,054 |
| Black women (black and mixed race) | n/a | n/a | 1,408 |
| **Gender** | | | |
| Men | 9,615 | 10,540 | 12,354 |
| Women | 2,131 | 2,274 | 2,704 |

[1] Census took place in 2021.

n/a – Not available.

## EMPLOYEES WITH DISABILITIES |GRI 405-1|ODS 5. 1, 5,5, ODS 8,5, PG6

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | **Men** | **Women** | **Men** | **Women** | **Men** | **Women** |
| Number | 216 | 131 | 255 | 147 | 338 | 185 |

## RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN[1]

|GRI 405-2| ODS 5,1, ODS 8,5, ODS 10,3, PG6 1

| | 2019 | | | 2020[2] | | | 2021 | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Men (R$)** | **Women (R$)** | **Men/ women (%)** | **Men (R$)** | **Women (R$)** | **Men/ women (%)** | **Men (R$)** | **Women (R$)** | **Men/ women (%)** |
| **By age group** | | | | | | | | | |
| Up to 30 years old | n/a | n/a | n/a | 63,831 | 64,753 | 98.6% | 66,915 | 67,169 | 99.6% |
| Between 31 and 50 years | n/a | n/a | n/a | 105,431 | 110,975 | 95.0% | 110,208 | 114,461 | 96.3% |
| Over 50 years | n/a | n/a | n/a | 145,287 | 150,542 | 96.5% | 138,321 | 163,799 | 84.4% |
| **Total** | **n/a** | **n/a** | **n/a** | **96,869** | **96,726** | **100.1%** | **102,765** | **102,581** | **100.2%** |
| **By functional category [3]** | | | | | | | | | |
| Direct leadership | n/a | n/a | n/a | 445,929 | 421,708 | 105.7% | 451,111 | 446,962 | 100.9% |
| Intermediate controls and qualified technicians | n/a | n/a | n/a | 141,426 | 112,788 | 125.4% | 149,240 | 121,500 | 122.8% |
| Support staff and teams | n/a | n/a | n/a | 51,773 | 42,318 | 122.3% | 56,037 | 45,139 | 124.1% |

[1] Considers the entire annual salary, including benefits and PLR.
[2] 2020 data modified due to parameterization changes. |GRI 102-48|
[3] Direct leadership: directors, superintendents and managers; Intermediate controls and qualified technicians: supervisors, specialists and analysts; Support staff and teams: administrative, technical and operational personnel.
n/a – Not available.

# Market presence

## RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE |GRI 202-1| ODS 1,4, 5,1, 5,5, 8,5

| | 2019 | 2020 | 2021 | | |
|---|---|---|---|---|---|
| **Neoenergia** | | | **Men** | **Women** | **Total** |
| Entry salary over the local minimum wage (%) | 128.7% | 141.7% | 138.9% | 138.9% | 138.9% |

## PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY |GRI 202-2| ODS 8,5, PG 6

| | 2020 | 2021 |
|---|---|---|
| Percentage of senior management at significant locations of operation that are hired from the local community[1] | 32% | 37% |
| The definition used for 'senior management' | Neoenergia group directors | Neoenergia group directors |
| The organization's geographical definition of 'local' | State of operation of each company/directorship versus state of birth of the director | State of operation of each company/directorship versus state of birth of the director |
| The definition used for 'significant locations of operation'. | All the directors of the Neoenergia group | All the directors of the Neoenergia group |

[1] Executive directors and assistants who are based in the same state in which they were born.

## LOCAL EXECUTIVES DIRECTOR

| | 2021 | |
|---|---|---|
| | **Men** | **Women** |
| Directors and superintendents of Brazilian nationality | 71 | 24 |

# Training and education

## PERFORMANCE AND CAREER DEVELOPMENT REVIEW |GRI 404-3| ODS 5,1, ODS 8,3, 8,5, ODS 10,3, PG6

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| **By functional category (number)[1]** | **Men** | **Women** | **Men** | **Women** | **Men** | **Women** |
| Direct leadership | 236 | 94 | 260 | 91 | 236 | 94 |
| Intermediate controls and qualified technicians | 1,503 | 1,051 | 1,663 | 1,145 | 1,503 | 1,051 |
| Support staff and teams | 6,862 | 786 | 7,445 | 807 | 6,862 | 786 |
| **By functional category (%)** | **Men** | **Women** | **Men** | **Women** | **Men** | **Women** |
| Direct leadership | 88% | 80% | 93% | 97% | 91% | 89% |
| Intermediate controls and qualified technicians | 86% | 87% | 88% | 88% | 89% | 88% |
| Support staff and teams | 80% | 75% | 80% | 80% | 73% | 62% |
| **Total** | **81.43** | **81.76** | **81.92** | **84.93** | **76.01** | **75.53** |
| **Average** | **81.49** | | **82.45** | | **75.92** | |

[1] Direct leadership: directors, superintendents and managers; Intermediate controls and qualified technicians: supervisors, specialists and analysts; Support staff and teams: administrative, technical and operational personnel.

2020 data reclassified due to the inclusion of managers in the "Direct leadership category". |GRI 102-48|

# Human Rights

## INCIDENTS OF DISCRIMINATION |GRI 406-1| ODS 5,1, ODS 8,8, ODS 16.B, PG 6

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| **Incident reports** | **n/a** | **5** | **3** |
| Incidents analyzed | n/a | 5 | 3 |
| Incidents with remediation plans being implemented | n/a | 0 | 0 |
| Incidents with corrective actions taked | n/a | 0 | 0 |
| Closed incidents | n/a | 3 | 3 |

n/a – Not available.

## SECURITY PERSONNEL TRAINED IN HUMAN RIGHTS POLICIES OR PROCEDURES |GRI 410-1| ODS 16,1, PG1

| | Employees | | | Contractors | | |
|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| Security personnel (number) | n/a | 28 | 30 | n/a | 414 | 443 |
| Security personnel trained in Human Rights (number) | n/a | 28 | 25 | n/a | 414 | 443 |
| Security personnel trained in Human Rights (%) | n/a | 100% | 83% | n/a | 100% | 100% |

n/a – Not available.

## SECURITY PERSONNEL TRAINED IN HUMAN RIGHTS (HOURS) |GRI 412-2| PG1

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Total | 187,179 | 206,689 | 291,817 |

# Indigenous Rights

## RIGHTS OF INDIGENOUS PEOPLE |GRI 411-1| ODS 2,3, PG1

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Number of detected incidents related to rights of indigenous people | 0 | 0 | 3 |
| Activities with indigenous people | Não | Não | Não |
| Installations in territories occupied by indigenous people [1] | Sim | Sim | Sim |
| Incidents related to the violation of the rights of workers belonging to indigenous communities | 0 | 0 | 0 |

[1] Neoenergia Pernambuco: Reserva indígena Fulni-ó (substation); Neoenergia Coelba: Communities of the Kiriris Indigenous Peoples; Tuxá e Tuká (corridors)

Consistent with Neoenergia's Code of Ethics and corporate policies (in particular its Human Rights Policy), Neoenergia and its employees commit to respect both ethnic minorities and the internationally recognized rights of indigenous peoples, in accordance with applicable law and the obligations set out in Convention 169 of the International Labor Organization (ILO). |GRI 103-2, 103-3_411|

Neoenergia is present in regions hosting indigenous communities, and encourages business activities to be carried out with respect for different cultural identities, traditions and environmental wealth, as many times these communities depend on natural resources for their subsistence. Therefore, the company has channels of dialog with these communities and their representatives, as well as for the participation of the government, in order to report on the projects with due transparency and integrity. However, as there may occasionally be direct or indirect impacts on these communities at some facilities, the company endeavors to promote ethical practices with the goal of preventing conflicts and generating mutual benefit, which in the long term is the foundation of social value.

Three lawsuits have been brought against distribution utility Neoenergia Coelba relating to indigenous rights, seeking compensation for the use of transmission rights-of-way on community lands of the Kiriris, Tuxá and Truká indigenous peoples. The lawsuit relating to the Truká community was filed in 2021. During the reporting period, the lawsuit brought by the Kiriris indigenous people was adjudicated. It is now in the appeal stage. The other two lawsuits are in the investigatory phase, awaiting adjudication.

# Occupational Health and Safety

## HEALTH AND SAFETY COMMITTEES |GRI 403-4| ODS 8,8

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| **Employees and contractors represented in committee** | | | |
| Employees (%) | 100% | 100% | 100% |
| Contractor (number) | 10,157 | 11,746 | 27,993 |

## HEALTH AND SAFETY MANAGEMENT SYSTEM |GRI 403-8| ODS 8,8

| | 2020 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Employees | | Contractors | | Employees | | Contractors | |
| | Men | Women | Men | Women | Men | Women | Men | Women |
| People covered by an occupational health and safety management system | 9,936 | 2,251 | 21,115 | 3,628 | 12,354 | 2,704 | 24,616 | 3,377 |
| People covered by an occupational health and safety management system that has been internally audited | 9,936 | 2,251 | 21,115 | 3,628 | 12,354 | 2,704 | 24,616 | 3,377 |
| People covered by an occupational health and safety management system that has been third party certification | 2,489 | 872 | 757 | 218 | 3,937 | 1,780 | 1,555 | 606 |

## WORK-RELATED ILL HEALTH – EMPLOYEES |GRI 403-10| ODS 3,3, 3,4, 3,9, ODS 8,8, ODS 16,1

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| **By gender, age group and functional category** | | | |
| Men | 0 | 1 | 0 |
| Women | 0 | 0 | 0 |
| **Total** | **0** | **1** | **0** |

## ABSENTEEISM WITH EMPLOYEES

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| **Number of casualties in the year (number)** | **7,675** | **5,188** | **7,355** |
| Men | 5,165 | 4,072 | 5,866 |
| Women | 2,510 | 1,116 | 1,489 |
| **Number of days lost (number)** | **20,059** | **15,777** | **21,710** |
| Men | 13,713 | 12,000 | 16,826 |
| Women | 6,346 | 3,777 | 4,884 |
| **Number of hours lost (number)** | **160,468** | **126,214** | **173,680** |
| Men | 109,702 | 96,002 | 134,604 |
| Women | 50,766 | 30,212 | 39,076 |
| **Absenteeism ratio[1]** | **1,469** | **933** | **1,092** |

[1] Absenteeism ratio = (number of lost workdays)/(12months*22workingdays*number of employees)*200000

## ABSENTEEISM WITH EMPLOYEES DUE TO COVID

| | 2020 | 2021 |
|---|---|---|
| Number of casualties in the year (number) | 64 | 367 |
| Number of days lost (number) | 225 | 1,794 |
| Number of hours lost (number) | 2,880 | 14,351 |

## HEALTH AND SAFETY TRAINING |GRI EU18|

| | 2019 | 2020[1] | 2021 |
|---|---|---|---|
| Number of employees | n/a | 10,943 | 20,604 |
| Number of courses | n/a | 56 | 177 |
| Total hours of training [2] | n/a | 107,883 | 1,328,279 |

[1] 2020 data reclassified due to duplicate employees. |**GRI 102-48**|
[2] IN 2020, data only included own employees. In 2021, own and third parties. The number of hours in 2021 was also higher due to the increase in the number of courses.
n/a – Not available.

## Customer Health and Safety

### ACCIDENTS INVOLVING THE PUBLIC[1] |GRI EU25, 416-2| ODS 16,3

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Number of people injured | 98 | 56 | 109 |
| Number of deaths | 66 | 36 | 43 |
| Legal proceedings for incidents or accidents involving company assets – Legal claims (general litigation basis) [2.3.4] | 122 | 75 | 97 |
| Complaints about electromagnetic fields | 0 | 0 | 0 |
| Cases of non-compliance with laws that resulted in a fine or penalty | n/a | n/a | n/a |
| Cases of non-compliance with laws that resulted in a advertence | n/a | n/a | n/a |
| Cases of non-compliance with voluntary codes. | n/a | n/a | n/a |

[1] The data include injuries caused by direct or indirect contact with power systems, not including incidents involving vehicles.
[2] Figures published in 2020 have been restated. |**GRI 102-48**|
[3] Legal claims include cases of non-compliance that resulted in fines or penalties. There is no data on non-conformities that resulted in a warning or were caused by violations of voluntary codes.
[4] Neoenergia Cosern: 5 cases in 2021 relating to incidents and accidents involving people outside the company. Neoenergia Elektro: 4 claims related to electrocution (civil and small claims proceedings) brought in 2021. Neoenergia Coelba: 52 civil and small claims brought in relation to electrocution. Neoenergia Pernambuco: 16 claims brought in 2021 in relation to electrocution. Neoenergia Brasília: 18 pending claims related to accidents involving the distribution system. Transmission: 2 electrocution claims pending.
n/a – Not available

## Access to energy

### POPULATION WITHOUT ACCESS TO ENERGY |GRI EU26|

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Distribution area (km²) | 835,195 | 835,195 | 846,333 |
| Estimated population in the distribution area (number)[1] | 33,830,210 | 34,380,696 | 37,672,075 |
| Estimated population without access to electricity supply networks (number) | 215,000 | 216,177 | 220,430 |
| Estimated population without access to electricity supply networks (%) | 0.6% | 0.6% | 0.6% |

[1] Estimate by the Brazilian Institute of Geography and Statistics (IBGE).

## Marketing communication

### PRODUCT AND SERVICE INFORMATION AND LABELING |GRI 417-1| ODS 12,8, ODS 16. 6

The Group's distributors follow specific legislation for the electric sector, Resolution 414/2010 of the Brazilian Electricity Regulatory Agency (Aneel).Sectorial regulation mandates electricity distributors to provide specific communications to their consumers, whether in the form of messages printed on bills or specific notification, regarding:

a) Reclassification of consumer unit, project analysis response, failure to perform any service, cost and conditions of energy supply construction projects, suspension of supply, compensation for electrical damage, complaints, changes in norms and standards, collection for irregular procedures, and others, as per Normative Resolution 414/2010;

b) Notice of shutdown scheduled for maintenance according to Distribution Procedure (PRODIST) Module 8;

c) Loss of social electricity tariff benefits as per Normative Resolution 414/2010 and 472/2012;

d) Tariff rate and type according to Normative Resolution 414/2010 and 547/2013. In the case of scheduled shutdowns, notices are published in major newspapers and letters are sent to consumers.

Energy bills also convey information about safe use of electricity. |**GRI 103-2, 103-3_417**|

# Non-compliance

## NON-COMPLIANCE CONCERNING MARKETING COMMUNICATIONS |GRI 417-3| ODS 16,3

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Resulting in fine | 0 | 0 | 0 |
| Resulting in warning | 0 | 0 | 0 |
| Related to voluntary codes | 0 | 0 | 0 |

## CUSTOMER PRIVACY |GRI 418-1| ODS 16,3, 16,6. 16,10 – SASB IF-EU-550a.1

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| **Incidents concerning customer privacy (number)** | | | |
| From official bodies | 0 | 0 | 1 |
| From other sources, substantiated | 0 | 0 | 1 |
| Leaks, thefts or losses of customer data | 0 | 0 | 0 |
| **Total** | **0** | **0** | **0** |

## FINES AND SANCTIONS FOR ELECTRIC ENERGY DISTRIBUTION AND COMMERCIALIZATION |GRI 419-1, 416-2, 417-2 E 417-3|

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Fines for health and safety impacts caused by products and services (R$) |GRI 416-2| | 0 | 0 | 0 |
| Sanctions for health and safety impacts caused by products and services (number) |GRI 416-2| | 0 | 0 | 0 |
| Fines for information and labeling of products and services (R$)|GRI 417-2| | 0 | 0 | 0 |
| Sanctions for information and labeling of products and services (number) |GRI 417-2| | 0 | 0 | 0 |
| Fines for marketing communication (R$) |GRI 417-3| | 0 | 0 | 0 |
| Sanctions for marketing communication (number) |GRI 417-3| | 0 | 0 | 0 |
| Non-compliance with laws and regulations in the socioeconomic area – customer services – R$ [1] |GRI 419-1| | 4,530,774.55 | 183,950.71 | 362,610.04 |

[1] **Neoenergia Cosern:** Two fines issued by the consumer protection service in Natal/RN for noncompliance with the Consumer Protection Code (R$ 7,649.86). **Neoenergia Brasília**: The consumer protection service in the Federal District imposed a fine of R$ 16,500.00. According to the customer's claim, a defective meter (157552-X) resulted in abusive amounts being charged from the consumer, in violation of Article 39(V) of the Consumer Protection Code. **Neoenergia Coelba**: 93 fines paid (consumer protection cases – R$ 326,163.52). **Neoenergia Pernambuco**: 2 fines paid (consumer protection cases – R$12,296.66).

## SOCIOECONOMIC COMPLIANCE |GRI 419-1|

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Fines related to product or related to competition (R$)[1] | 468,513,923.12 | 178,891,179.02 | 181,775.22 |
| Non-monetary sanctions – Other reasons (number)[2] | 0 | 0 | 3 |
| Non-monetary sanctions – Non-compliance with laws or regulations (number) | 0 | 0 | 0 |
| Judicial proceedings initiated through national or international dispute resolution mechanisms [3] | 0 | 0 | 1 |

[1] **Neoenergia Elektro**: A fine was imposed in relation to ICMS (VAT) exemptions awarded to farmers from 2016 to 2017. Total: R$ 918,607.51 (Tax: R$ 538,034.92; Interest: R$ 200,520.02; Fine: R$ 180,052.57); **Neoenergia Coelba**: 1 fine for failure to pay legal service fees; the company recognized as valid and paid the fine, in the amount of R$ 365.32; 1 fine for underreporting ICMS tax amounts owing in February, October and December 2018; the company recognized as valid and paid the fine, in the amount of 1,357.33. (Total R$ 1,722.65 ). There were no cases involving: Neoenergia Pernambuco, Neoenergia Cosern, Neoenergia Brasília or transmission companies. Legal proceedings disputing only the amounts of fines are not reported if the fines have been paid.

[2] **Neoenergia Coelba**: 3 fines imposed by the consumer protection service in relation to alleged nonconformities in quality of service.

[3] **Neoenergia Coelba**: Arbitration proceedings brought by Sykué Geração de Energia Ltda. to challenge certain fines applied by Neoenergia Coelba for contract breaches committed by Sykué. The amount under dispute is R$ 13,641,324.75.

## LABOR FINES |GRI 419-1| ODS 16,3, 16,6

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Total amount of fines (R$ thousand) [1] | 106,649 | 13,048 | 93 |
| Number of fines | 7 | 9 | 15 |
| Complaints | 2,774 | 1,845 | 2,249 |
| Received in the year | 1,098 | 738 | 1,007 |
| Resolved in the year | 192 | 35 | 74 |
| Resolved in the year, but started earlier | 1,484 | 1,072 | 1,168 |
| Non-monetary sanctions and sanctioning procedures | 0 | 0 | 0 |

[1] Notices of infraction, labor complaints and public civil action.

# ECONOMIC-FINANCIAL ASPECTS

## DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

|GRI 201-1| ODS 7,1, 7B; ODS 8,1, 8,2; ODS 9,1, 9,4, 9,5

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| **Statement of Added Value (R$ thousand)** | | | |
| Revenue (sales and other revenue) | 41,205 | 44,523 | 59,818 |
| Purchases from third parties | 22,673 | 25,587 | 33,612 |
| **Gross value added** | **18,200** | **18,936** | **26,206** |
| Retentions (depreciation and amortization) | 1,469 | 1,640 | 2,497 |
| **Net value added** | **14,714** | **17,296** | **23,709** |
| Value added received in transfer | 6,225 | 6,979 | 4,483 |
| Equity income result | 56 | -56 | 68 |
| Financial income | 6,168 | 7,035 | 4,415 |
| **Value added and distributed** | **20,891** | **24,275** | **28,192** |
| Compensation of company employees | 1,229 | 1,304 | 1,608 |
| Payment to providers of capital | 5,405 | 8,083 | 6,735 |
| Payments to government (taxes, fees and contributions) \|GRI 207-4\| ODS 1,1, 1,3 ODS 10,4 ODS 17,1, 17,3 | 11,948 | 11,983 | 15,783 |
| Shareholder remuneration | 636 | 842 | 1,114 |
| Retained earnings and reserves | 1,673 | 2,063 | 2,952 |
| Community investments | 187 | 323 | 345 |

## PROCUREMENT PRACTICES: MANAGEMENT APPROACH |GRI 103-2, 103-3_204|

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Volume contracted to specific diversity collectives | n/a | n/a | 0 |
| Number of suppliers to which the supplier satisfaction survey was sent | n/a | n/a | 1,155 |
| Number of suppliers that responded to the supplier satisfaction survey | n/a | n/a | 477 |
| Evaluation obtained in the supplier satisfaction survey (%) | n/a | n/a | 8.9 |

n/a – Not available.

## PROPORTION OF SPENDING ON LOCAL SUPPLIERS |GRI 204-1| ODS 12,6

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Percentage of purchases in locations with significant operations that use suppliers from the location of the operation over total operations | 99.0% | 99.6% | 99.3% |

## AVERAGE RETAIL ELECTRIC RATE (R$/KWh) – SASB IF-EU-240a.1

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Residential customers | n/a | n/a | 0.54 |
| Commercial customers | n/a | n/a | 0.58 |
| Industrial customers | n/a | n/a | 0.54 |

n/a – Not available.

## TYPICAL MONTHLY ELECTRIC BILL FOR RESIDENTIAL CUSTOMERS (R$) – SASB IF-EU-240a.2

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| For 500 kWh of electricity delivered per month | n/a | n/a | 500 |
| For 1,000 kWh of electricity delivered per month | n/a | n/a | 1,000 |

n/a – Not available.

## TOTAL ELECTRICITY DELIVERED (MWh) – SASB IF-EU-000.B

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Residential customers | n/a | n/a | 22,713,958 |
| Commercial customers | n/a | n/a | 12,149,668 |
| Industrial customers | n/a | n/a | 17,752,399 |
| Other retail customers | n/a | n/a | 13,639,961 |
| Wholesale customers | n/a | n/a | 0 |

n/a – Not available

## NUMBER OF ACTIVE CONSUMERS (thousand) [GRI EU3]

| | Neoenergia | | | Neoenergia Coelba | | | Neoenergia Pernambuco | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021[1] | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| Residential | 12,353 | 12,602 | 13,907 | 5,385 | 5,490 | 5,630 | 3,337 | 3,414 | 3,484 |
| Industrial | 41 | 39 | 40 | 14 | 13 | 13 | 5 | 5 | 5 |
| Commercial | 983 | 935 | 1,076 | 426 | 408 | 421 | 256 | 225 | 227 |
| Institutional (public power, public lighting and public service ) | 0 | 0 | 166 | 0 | 0 | 69 | 0 | 0 | 33 |
| Rural | 505 | 555 | 0 | 201 | 225 | 0 | 127 | 143 | 0 |
| Outros (rural and and self- consumption)[2] | 167 | 158 | 553 | 80 | 69 | 219 | 33 | 33 | 139 |
| **Total (thousand)** | **14,049** | **14,289** | **15,742** | **6,105** | **6,205** | **6,352** | **3,757** | **3,820** | **3,888** |

| | Neoenergia Cosern | | | Neoenergia Elektro | | Neoenergia Brasília[1] |
|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 | 2021 |
| Residential | 1,297 | 1,308 | 1,337 | 2,334 | 2,390 | 2,450 | 1,006 |
| Industrial | 1 | 1 | 1 | 21 | 20 | 20 | 1 |
| Commercial | 103 | 103 | 107 | 198 | 199 | 204 | 118 |
| Institutional (public power, public lighting and public service ) | 0 | 0 | 27 | 0 | 0 | 30 | 7 |
| Rural | 50 | 56 | 0 | 128 | 131 | 0 | 0 |
| Outros (Rural and and self- consumption)[2] | 25 | 26 | 54 | 29 | 30 | 129 | 11 |
| **Total (thousand)** | **1,476** | **1,494** | **1,526** | **2,711** | **2,770** | **2,833** | **1,143** |

[1] Neoenergia Brasília was acquired in December 2020 and taken over by Neoenergia in March 2021.

[2] Other: the data for 2019 and 2020 include government, street lighting, public services and own consumption. The data for 2021 include rural and own consumption.

The data for 2021 include the institutional category as reported by Sygris/Iberdrola.

Self-producers (109,817 in 2021) are not reported.

## DISCONNECTIONS FOR NON-PAYMENT (RESIDENTIAL CUSTOMERS)

|GRI EU27| – SASB IF-EU-240A.3

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| **Disconnections for non-payment (number)** | | | |
| Less than 48 hours | 1,099,444 | 755,348 | 860,392 |
| Between 48 hours and 1 week | 204,030 | 117,778 | 148,968 |
| Between 1 week and 1 month | 222,138 | 162,100 | 206,197 |
| Between 1 month and 1 year | 191,153 | 129,890 | 196,706 |
| More than one year | 26 | 91 | 15 |
| Without classification | 0 | 0 | 0 |
| **Total** | **1,716,791** | **1,165,207** | **1,412,278** |
| **Reconnections after payment of pending invoices (number)** | | | |
| Less than 24 hours | 1,481,957 | 967,833 | 1,101,405 |
| Between 24 hours and 1 week | 137,434 | 108,919 | 181,233 |
| More than 1 week | 123,748 | 96,792 | 88,746 |
| Without classification | 0 | 0 | 0 |
| **Total** | **1,743,139** | **1,173,544** | **1,371,384** |

## FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENTS (THOUSAND R$) |GRI 201-4|

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Capital grants | 0 | 0 | 0 |
| Subsidies for exploration | 0 | 0 | 0 |
| Tax credits for investments | 205,940 | 296,600 | 0 |
| Tax credits for production | 0 | 0 | 0 |
| **Assistance and/or other concepts included in the GRI protocols** | | | |
| Benefits and tax credits | 15,415 | 16,831 | 0 |
| Investment grants, research and development grants, and other relevant types of grant | n/a | n/a | 0 |
| Other financial benefits received or receivable from any government for any operation. | n/a | n/a | 0 |

n/a – Not available.

## ENERGY LOSSES (%) |GRI EU12|

| | Neoenergia Coelba | | | Neoenergia Pernambuco | | | Neoenergia Cosern | | | Neoenergia Elektro | | | Neoenergia Brasília |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 | 2021 |
| Technical losses | 10.99 | 10.59 | 10.63 | 8.18 | 8.05 | 8.20 | 8.45 | 8.44 | 8.39 | 5.84 | 5.73 | 5.95 | 7.48 |
| Non-technical losses | 4.32 | 6.63 | 4.14 | 9.17 | 11.75 | 8.93 | 1.54 | 2.86 | 1.39 | 1.95 | 2.35 | 0.83 | 5.49 |
| Total | 15.30 | 17.22 | 14.77 | 17.35 | 19.80 | 17.13 | 9.99 | 11.29 | 9.78 | 7.79 | 8.08 | 6.78 | 12.98 |
| Regulatory limit – Total losses | 14.25 | 14.35 | 14.26 | 16.03 | 16.10 | 15.18 | 10.72 | 10.77 | 10.74 | 8.03 | 8.11 | 8.02 | 11.63 |

# GRI Content Index

|GRI 102-55|

This report has been prepared in accordance with the GRI Standards: Core option |GRI 102-54|

| GRI Standards | Disclosure | Page number | Omission | Global Compact | ODS | SASB |
|---|---|---|---|---|---|---|
| **GRI 101: Foundation 2016** | | | | | | |
| **General Disclosures** | | | | | | |
| **Profile** | | | | | | |
| **GRI 102: General disclosures 2016** | 102-1 Name of the organization | 6 | - | - | - | - |
| | 102-2 Activities, brands, products, and services | 7, 93, 95, 98 | - | - | - | - |
| | 102-3 Location of headquarters | 153 | - | - | - | - |
| | 102-4 Location of operations | 7 | - | - | - | - |
| | 102-5 Ownership and legal form | 6, 114 | - | - | - | - |
| | 102-6 Markets served | 7 | - | - | - | - |
| | 102-7 Scale of the organization | 7 | - | - | - | - |
| | 102-8 Information on employees and other workers | 57, 60, 127, 128 | - | 6 | 8 | - |
| | 102-9 Supply chain | 76 | - | - | - | - |
| | 102-10 Significant changes to the organization and its supply chain | 30, 92, 95 | - | - | - | - |
| | 102-11 Precautionary Principle or approach | 38 | - | - | - | - |
| | 102-12 External initiatives | 34 | - | - | - | - |
| | 102-13 Membership of associations | 114 | - | - | - | - |
| **Electric utilities sector disclosures** | EU1 Installed capacity | 6, 97 | - | - | - | - |
| | EU2 Net energy output | 18, 97 | - | - | - | IF-EU-000.D |
| | EU3 Number of residential, industrial, institutional and commercial customer accounts | 18, 114, 138 | - | - | - | IF-EU-000.A |
| | EU4 Length of transmission and distribution lines | 18, 89 | - | - | - | IF-EU-000.C |
| | EU5 Allocation of $CO_2e$ emissions allowances or equivalent | Were not marketed | - | - | - | - |
| **Strategy** | | | | | | |
| **GRI 102: General disclosures 2016** | 102-14 Statement from senior decision-maker | 3 | - | - | - | - |
| | 102-15 Key impacts, risks, and opportunities | 21, 26 | - | - | - | - |
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| | 102-17 Mechanisms for advice and concerns about ethics | 36 | - | 10 | 16 | - |

| GRI Standards | Disclosure | Page number | Omission | Global Compact | ODS | SASB |
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| | 102-22 Composition of the highest governance body and its committees | 31 | - | - | 5, 16 | - |
| | 102-23 Chair of the highest governance body | 31 | - | - | 16 | - |
| | 102-26 Role of highest governance body in setting purpose, values, and strategy | 31 | - | - | - | - |
| | 102-28 Evaluating the highest governance body's performance | 31 | | | | |
| | 102-30 Effectiveness of risk management processes | 31 | - | - | - | - |
| **Stakeholder engagement** | | | | | | - |
| **GRI 102: General disclosures 2016** | 102-40 List of stakeholder groups | 24 | - | - | - | - |
| | 102-41 Collective bargaining agreements | 100% | - | 3 | 8 | - |
| | *102-42* Identifying and selecting stakeholders | 24 | - | - | - | - |
| | 102-43 Approach to stakeholder engagement | 24, 73 | - | - | - | - |
| | 102-44 Key topics and concerns raised | 112 | - | - | - | - |
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| **GRI 102: General disclosures 2016** | 102-45 Entities included in the consolidated financial statements | 109, 116 | - | - | - | - |
| | 102-46 Defining report content and topic Boundaries | 109 | - | - | - | - |
| | 102-47 List of material topics | 111 | - | - | - | - |
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| | 102-49 Changes in reporting | Did not occur | - | - | - | - |
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| | 102-54 Claims of reporting in accordance with the GRI Standards | 139 | - | - | - | - |
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| GRI Standards | Disclosure | Page number | Omission | Global Compact | ODS | SASB |
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| **Economic Performance** | | | | | | |
| GRI 103: Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | 112 | | - | - | - |
| | 103-2 The management approach and its components | 10, 32, 39, 63 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 10, 32, 39, 63 | - | - | - | - |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 13 | - | - | 2, 5, 7, 8, 9 | - |
| | 201-2 Financial implications and other risks and opportunities due to climate change | 41, 45 | - | | | - |
| | 201-3 Defined benefit plan obligations and other retirement plans | 63 | - | - | - | - |
| | 201-4 Financial assistance received from government | 139 | - | - | - | |
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| GRI 103: Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | 112 | - | - | - | - |
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| | 103-3 Evaluation of the management approach | 48, 79 | - | - | - | - |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | 50, 58, 80, 81, 85 | - | - | 2, 5, 7, 9, 11 | - |
| | 203-2 Significant indirect economic impacts | 85 | - | - | 1, 2, 3, 8, 10, 17 | - |
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| | 103-2 The management approach and its components | 76, 137 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 76, 137 | - | - | - | - |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | 76 | - | - | 12 | - |
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| | 103-2 The management approach and its components | 34 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 34 | - | - | - | - |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | 36, 118 | - | 10 | 16 | - |
| | 205-2 Communication and training about anti-corruption policies and procedures | 35, 118 | - | 10 | 16 | - |
| | 205-3 Confirmed incidents of corruption and actions taken | 36, 118 | - | 10 | 16 | - |

| GRI Standards | Disclosure | Page number | Omission | Global Compact | ODS | SASB |
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| **Anti-competitive Behavior** | | | | | | |
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| | 103-2 The management approach and its components | 34 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 34 | - | - | - | - |
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| **GRI 103: Management approach 2016** | 103-1 Explanation of the material topic and its Boundary | 112 | - | - | - | - |
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| | 103-3 Evaluation of the management approach | 104 | - | - | - | - |
| **GRI 207: Taxes 2019** | 207-1 Approach to tax | 104 | - | - | - | - |
| | 207-2 Tax governance, control, and risk management | 104 | - | - | - | - |
| | 207-3 Stakeholder engagement and management of concerns related to tax | 104 | | | | |
| | 207-4 Country-by-country report | 8, 104, 137 | - | - | - | - |
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| **Demand-side management** | Former EU7 Demand-side management programs | 48 | - | - | - | - |
| **Research & Development** | Former EU8 Research and development activity | 107 | - | - | 9 | - |
| **System efficiency** | EU11 Average generation efficiency of thermal plants | 98 | - | - | - | - |
| | EU12 Transmission and distribution losses as a percentage of total energy | 91, 139 | - | - | - | - |
| **GRI 300 Environmental Standards Series** | | | | | | |
| **Energy** | | | | | | |
| **GRI 103: Management approach 2016** | 103-1 Explanation of the material topic and its Boundary | 112 | - | - | - | - |
| | 103-2 The management approach and its components | 39 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 39 | - | - | - | - |
| **GRI 302: Energy 2016** | 302-1 Energy consumption within the organization | 46, 119, 120 | - | 7, 8 | 7, 8, 12, 13 | - |
| | 302-3 Energy intensity | 46, 120 | - | 8 | 7, 8, 12, 13 | - |
| | 302-4 Reduction of energy consumption | 46 | 7 | 8, 9 | 7, 8, 12, 13 | - |
| | 302-5 Reductions in energy requirements of products and services | 48 | - | 8, 9 | 7, 8, 12, 13 | IF-EU-420a.3 |

| GRI Standards | Disclosure | Page number | Omission | Global Compact | ODS | SASB |
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| **Biodiversity** | | | | | | |
| **GRI 103: Management approach 2016** | 103-1 Explanation of the material topic and its Boundary | 113 | - | - | - | - |
| | 103-2 The management approach and its components | 52 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 52 | - | - | - | - |
| **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 | 123 | - | 8 | 6, 14, 15 | - |
| | 304-2 Significant impacts of activities, products, and services on biodiversity | 53 | - | | | - |
| | 304-3 Habitats protected or restored | 124 | - | 8 | 6, 14, 15 | - |
| | 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations | 124 | - | 8 | 6, 14, 15 | - |
| **Electric utilities sector disclosures** | EU13 Biodiversity of offset habitats compared to the biodiversity of the affected areas | 124 | - | 8 | 6, 14, 15 | - |
| **Emissions** | | | | | | |
| **GRI 103: Management approach 2016** | 103-1 Explanation of the material topic and its Boundary | 112 | - | - | - | - |
| | 103-2 The management approach and its components | 10, 39.47 | - | - | - | IF-EU-110a.3 |
| | 103-3 Evaluation of the management approach | 10, 39.47 | - | - | - | - |
| **GRI 305: Emissions 2016** | 305-1 Direct (Scope 1) GHG emissions | 47, 124 | - | 7, 8 | 3, 12, 13, 14, 15 | IF-EU-110a.1 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 47, 124 | - | 7, 8 | 3, 12, 13, 14, 15 | IF-EU-110a.2 |
| | 305-3 Other indirect (Scope 3) GHG emissions | 47, 124 | - | 7, 8 | 3, 12, 13, 14, 15 | - |
| | 305-4 GHG emissions intensity | 47 | - | 7, 8 | 13, 14, 15 | - |
| | 305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | 124 | - | 7, 8 | 3, 12, 14, 15 | IF-EU-110a.1 |
| **Environmental Compliance** | | | | | | |
| **GRI 103: Management approach 2016** | 103-1 Explanation of the material topic and its Boundary | 112 | - | - | - | - |
| | 103-2 The management approach and its components | 34 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 34 | - | - | - | - |
| **GRI 307: Environmental Compliance 2016** | 307-1 Non-compliance with environmental laws and regulations | 126 | - | 8 | 12, 13, 14, 15 | IF-EU-140a.2 |
| **Supplier Environmental Assessment** | | | | | | |
| **GRI 103: Management approach 2016** | 103-1 Explanation of the material topic and its Boundary | 113 | - | - | - | - |
| | 103-2 The management approach and its components | 77 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 77 | - | - | - | - |
| **GRI 308: Supplier Environmental Assessment 2016** | 308-1 New suppliers that were screened using environmental criteria | 77 | - | 8 | - | - |

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| **GRI 400 Social Standards Series** | | | | | | |
| **Employment** | | | | | | |
| GRI 103: Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | 112 | - | - | - | - |
| | 103-2 The management approach and its components | 57, 63 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 57, 63 | - | - | - | - |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | 128, 129 | - | 6 | 5, 8 | - |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 63 | - | | | - |
| | 401-3 Parental leave | 130 | - | 6 | 5, 8 | - |
| Electric utilities sector disclosures | Former EU14 Programs and processes to ensure the availability of a skilled workforce | 67 | - | - | 4, 8 | - |
| | EU15 Percentage of employees eligible to retire in the next 5 and 10 years | 63 | - | - | 8 | - |
| **Occupational Health and Safety** | | | | | | |
| GRI 103: Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | 112 | - | - | - | - |
| | 103-2 The management approach and its components | 64 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 64 | - | - | - | - |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | 66 | - | - | 8 | - |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 66 | - | - | 8 | - |
| | 403-3 Occupational health services | 66 | - | - | 8 | - |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 66, 134 | - | - | 8 | - |
| | 403-5 Worker training on occupational health and safety | 64 | - | - | 8 | - |
| | 403-6 Promotion of worker health | 66 | - | - | 3, 8 | - |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by busi-ness relationships | 66 | - | - | 8 | - |
| | 403-8 Workers covered by an occupational health and safety management system | 66 | - | - | 8 | - |
| | 403-9 Work-related injuries | 65 | - | - | 8 | IF-EU-320a.1 |
| | 403-10 Work-related ill health | 66 | - | - | 3, 8 | - |
| Electric utilities sector disclosures | Former EU16 Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors | 64 | - | - | - | - |
| | EU18 Percentage of contractor and subcontractor employees that have undergone relevant health and safety training | 64, 134 | - | - | - | - |
| **Training and Education** | | | | | | |
| GRI 103: Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | 112 | - | - | - | - |
| | 103-2 The management approach and its components | 67 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 67 | - | - | - | - |
| GRI 404:Training and Education 2016 | 404-1 Average hours of training per year per employee | 67 | - | 6 | 4, 5, 8 | - |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 132 | - | 6 | 5, 8 | - |

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| **Diversity and Equal Opportunity** | | | | | | |
| **GRI 103: Management approach 2016** | 103-1 Explanation of the material topic and its Boundary | 112 | - | - | - | - |
| | 103-2 The management approach and its components | 60 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 60 | - | - | - | - |
| **GRI 405: Diversity and Equal Opportunity 2016** | 405-1 Diversity of governance bodies and employees | 31, 60, 130, 131 | - | 6 | 5, 8 | - |
| | 405-2 Ratio of basic salary and remuneration of women to men | 131 | - | 6 | 5, 8, 10 | - |
| **Non-discrimination** | | | | | | |
| **GRI 103: Management approach 2016** | 103-1 Explanation of the material topic and its Boundary | 112 | - | - | - | - |
| | 103-2 The management approach and its components | 60 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 60 | - | - | - | - |
| **GRI 406:Non-discrimination 2016** | 406-1 Incidents of discrimination and corrective actions taken | 133 | - | 6 | 5, 8, 16 | - |
| **Freedom of Association and Collective Bargaining** | | | | | | |
| **GRI 103: Management approach 2016** | 103-1 Explanation of the material topic and its Boundary | 113 | - | - | - | - |
| | 103-2 The management approach and its components | 59 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 59 | - | - | - | - |
| **GRI 407: Freedom of Association and Collective Bargaining 2016** | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 59, 77 | - | 3 | 8 | - |
| **Child Labor** | | | | | | |
| **GRI 103: Management approach 2016** | 103-1 Explanation of the material topic and its Boundary | 113 | - | - | - | - |
| | 103-2 The management approach and its components | 77 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 77 | - | - | - | - |
| **GRI 408: Child Labor 2016** | 408-1 Operations and suppliers at significant risk for incidents of child labor | 77 | | 5 | 8, 16 | |
| **Forced or Compulsory Labor** | | | | | | |
| **GRI 103: Management approach 2016** | 103-1 Explanation of the material topic and its Boundary | 113 | - | - | - | - |
| | 103-2 The management approach and its components | 77 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 77 | - | - | - | - |
| **GRI 409: Forced or Compulsory Labor 2016** | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | 77 | - | 4 | 8 | - |
| **Security Practices** | | | | | | |
| **GRI 103: Management approach 2016** | 103-1 Explanation of the material topic and its Boundary | 113 | - | - | - | - |
| | 103-2 The management approach and its components | 67 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 67 | - | - | - | - |
| **GRI 410: Security Practices 2016** | 410-1 Pessoal de segurança capacitado em políticas ou procedimentos de direitos humanos | | | 1 | 16 | |

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| **Rights of Indigenous Peoples** | | | | | | |
| **GRI 103: Management approach 2016** | 103-1 Explanation of the material topic and its Boundary | 113 | - | - | - | - |
| | 103-2 The management approach and its components | 133 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 133 | - | - | - | - |
| **GRI 411:Rights of Indigenous Peoples 2016** | 411-1 Incidents of violations involving rights of indigenous peoples | 133 | - | 1 | 2 | - |
| **Human Rights Assessment** | | | | | | |
| **GRI 103: Management approach 2016** | 103-1 Explanation of the material topic and its Boundary | 113 | - | - | - | - |
| | 103-2 The management approach and its components | 67 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 67 | - | - | - | - |
| **GRI 412: Human Rights Assessment 2016** | 412-2 Employee training on human rights policies or procedures | 133 | - | 1 | - | - |
| | 412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | 77 | - | 1 | - | - |
| **Local Communities** | | | | | | |
| **GRI 103: Management approach 2016** | 103-1 Explanation of the material topic and its Boundary | 113 | - | - | - | - |
| | 103-2 The management approach and its components | 79 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 79 | - | - | - | - |
| **GRI 413: Local Communities 2016** | 413-1 Operations with local community engagement, impact assessments, and development programs | 79 | - | 1 | - | - |
| **Electric utilities sector disclosures** | Former EU19 Stakeholder participation in the decision-making process related to energy planning and infrastructure development | 84 | - | - | 1, 2, 9, 16 | - |
| | Former EU20 Approach to managing the impacts of displacement | 84 | - | - | 1, 2, 11 | - |
| | EU22 Number of people physically or economically displaced and compensation, broken down by type of project | 85 | - | - | 1, 2 | - |
| **Disaster/Emergency Planning and Response** | | | | | | |
| **Electric utilities sector disclosures** | Former EU21 Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans | 100 | - | - | 1, 11 | - |
| **Supplier Social Assessment** | | | | | | |
| **GRI 103: Management approach 2016** | 103-1 Explanation of the material topic and its Boundary | 113 | - | - | - | - |
| | 103-2 The management approach and its components | 77 | - | - | - | - |
| | 103-3 Evaluation of the management approach | 77 | - | - | - | - |
| **GRI 414: Supplier Social Assessment 2016** | 414-1 New suppliers that were screened using social criteria | 77 | - | 2 | 5, 8, 16 | - |

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| **Public Policy** | | | | | | | |
| GRI 103: Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | 112 | - | - | | - | - |
| | 103-2 The management approach and its components | 34 | - | - | | - | - |
| | 103-3 Evaluation of the management approach | 34 | - | - | | - | - |
| GRI 415: Public Policy 2016 | 415-1 Political contributions | 118 | - | 10 | | 16 | - |
| **Customer Health and Safety** | | | | | | | |
| GRI 103: Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | 112 | - | - | - | - | |
| | 103-2 The management approach and its components | 74 | - | - | - | - | |
| | 103-3 Evaluation of the management approach | 74 | - | - | - | - | |
| GRI 416: Customer Health and Safety 2016 | 416-1 Assessment of the health and safety impacts of product and service categories | 74 | - | - | - | - | |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | 74 | - | - | 16 | - | |
| Electric utilities sector disclosures | EU25 Number of injuries and fatalities to the public involving company assets | 74 | - | - | - | - | |
| **Marketing and Labeling** | | | | | | | |
| GRI 103: Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | 113 | - | - | - | - | |
| | 103-2 The management approach and its components | 68, 135 | - | - | - | - | |
| | 103-3 Evaluation of the management approach | 68. 135 | - | - | - | - | |
| GRI 417: Marketing and Labeling 2016 | 417-1 Requirements for product and service information and labeling | 135 | - | - | 12, 16 | - | |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | 136 | - | - | 16 | - | |
| | 417-3 Incidents of non-compliance concerning marketing communications | 136 | - | - | - | - | |
| **Customer Privacy** | | | | | | | |
| GRI 103: Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | 113 | - | - | - | - | |
| | 103-2 The management approach and its components | 33 | - | - | - | - | |
| | 103-3 Evaluation of the management approach | 33 | - | - | - | - | |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 136 | - | - | 16 | - | |
| **Socioeconomic Compliance** | | | | | | | |
| GRI 103: Management approach 2016 | 103-1 Explanation of the material topic and its Boundary | 112 | - | - | - | - | |
| | 103-2 The management approach and its components | 34 | - | - | - | - | |
| | 103-3 Evaluation of the management approach | 34 | - | - | - | - | |
| GRI 419: Socioeconomic Compliance 2016 | 419-1 Non-compliance with laws and regulations in the social and economic area | 136 | - | - | 16 | - | |

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| **Access** | | | | | | |
| **Electric utilities sector disclosures** | Former EU23 Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services | 86 | - | - | - | IF-EU-240a.4 |
| | Former EU24 Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services | 51, 73, 74 | - | - | - | - |
| | EU26 Percentage of population unserved in licensed distribution or service areas | 86 | - | - | - | - |
| | EU27 Number of residential dis-connections for non-payment | 139 | - | - | - | IF-EU-240a.3 |
| | EU28 Power outage frequency | 92 | - | - | - | IF-EU-550a |
| | EU29 Average power outage duration | 92 | - | - | - | IF-EU-550a |
| | EU30 Average plant availability factor | 97 | - | - | - | - |

# SASB

## Sustainability Disclosure Topics & Accounting Metrics

| Topic | Accountig metric | Unit of measure | Code | Page |
|---|---|---|---|---|
| **Greenhouse Gas Emissions & Energy Resource Planning** | 1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulations | Metric tons (t) $CO_2e$, Percentage (%) | IF-EU-110a.1 | 47, 124 |
| | Greenhouse gas (GHG) emissions associated with power deliveries | Metric tons (t) $CO_2e$ | IF-EU-110a.2 | 47, 124 |
| | Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets | - | IF-EU-110a.3 | 10, 39, 47 |
| | 1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market | Number, Percentage (%) | IF-EU-110a.4 | n/a |
| **Air Quality** | Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) particulate matter (PM10), (4) lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population | Metric tons (t), Percentage (%) | IF-EU-120a.1 | 124 |
| **Water Management** | 1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress | Thousand cubic meters ($m^3$), Percentage (%) | IF-EU-140a.1 | 121 |
| | Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations | Number | IF-EU-140a.2 | 126 |
| | Description of water management risks and discussion of strategies and practices to mitigate those risks | - | IF-EU-140a.3 | 123 |
| **Coal Ash Management** | Amount of coal combustion residuals (CCR) generated, percentage recycled | Metric tons (t), Percentage (%) | IF-EU-150a.1 | Not applicable |
| | Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment | Number | IF-EU-150a.2 | Not applicable |
| **Energy Affordability** | Average retail electric rate for (1) residential, (2) commercial, and (3) industrial customers | Rate | IF-EU-240a.1 | 137 |
| | Typical monthly electric bill for residential customers for (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month | Reporting currency | IF-EU-240a.2 | 137 |
| | Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days | Number, Percentage (%) | IF-EU-240a.3 | 139 |
| | Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory | - | IF-EU-240a.4 | 86 |
| **Workforce Health & Safety** | (1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) | Rate | IF-EU-320a.1 | 65 |

| Topic | Accountig metric | Unit of measure | Code | Page |
|---|---|---|---|---|
| **End-Use Efficiency & Demand** | Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM) | Percentage (%) ( | IF-EU-420a.1 | n/a |
| | Percentage of electric load served by smart grid technology | Percentage (%) by megawatt hours (MWh) | IF-EU-420a.2 | n/a |
| | Customer electricity savings from efficiency measures, by market | Megawatt hours (MWh) | IF-EU-420a.3 | 46 |
| **Nuclear Safety & Emergency Management** | Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column | Number | IF-EU-540a.1 | Not applicable |
| | Description of efforts to manage nuclear safety and emergency preparedness | - | IF-EU-540a.2 | Not applicable |
| **Grid Resiliency** | Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations | Number | IF-EU-550a.1 | 136 |
| | (1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days | Minutes, Number | IF-EU-550a | 92 |
| | Number of: (1) residential, (2) commercial, and (3) industrial customers served7 | Number | IF-EU-000.A | 18, 114, 138 |
| | Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers, and (5) wholesale customers | Megawatt hours (MWh | IF-EU-000.B | 137 |
| | Length of transmission and distribution lines | Kilometers (km) | IF-EU-000.C | 18, 89 |
| | Total electricity generated, percentage by major energy source, percentage in regulated markets | Megawatt hours (MWh), percentage (%) | IF-EU-000.D | 97 |
| | Total wholesale electricity purchased | Megawatt hours (MWh) | IF-EU-000.E | n/a |

n/a – Not available

# Letter of assurance [GRI 102-56]

# Corporate Information

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