

SGCC Corporate Social Responsibility Report (Brazil)

2023





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1. Introduction

MESSAGE FROM THE CHAIRMEN

Dear shareholders, employees and partners,

We are delighted to present the 2023 State Grid Corporation of China (SGCC) Corporate Social Responsibility Report, considering the activities of the group's Brazilian companies: **CPFL Energia, State Grid Brazil Holding (SGBH), CET Brasil and Nari Brasil**, that operate in energy generation, transmission, distribution, commercialization and services.

This has been a challenging cycle, but also one of notable achievements, valuable learning and working together. Throughout the year, we cemented our **commitment to supplying quality energy to the Brazilian society, maintaining the highest standards of safety, responsibility and efficiency.**

As highlights for 2023, CPFL Energia's distributors remained in the **top 3 in the reliability and quality rankings for the Brazilian electricity sector**, published by the National Electric Energy Agency (ANEEL). Through SGBH, we achieved important milestones this year, such as **winning ANEEL's Transmission Auction 2/2023**, for the

implementation of 1,468 km of \pm 800 kV Ultra-High Voltage Direct Current (UATCC) lines, which will interconnect the Northeast and Midwest regions of Brazil. Moreover, with SGBH, we inaugurated the operation of Silvânia Transmissora de Energia S.A. (STE), a project partly financed with the issuance of Green Bonds, which ensures the integrity of the environmental bias and transparency in communication with investors. The constant commitment to efficiency has made it possible to **bring forward the delivery of STE's 177 km of 500 kV line, initially scheduled for 2025.** These achievements would not have been possible without our commitment to innovation and the hard work and dedication of our employees.

To meet new challenges in our long-term strategy, we continue to invest in cutting-edge technologies and best practices in all our operations. Simultaneously, we are reinforcing our commitment to safety, team integration and sustainable development. In 2023, as a group, **we achieved the goal of zero fatal accidents involving our own employees**, and the frequency and severity rates have been steadily reduced.



In terms of valuing employees, CPFL has the **Attitude Program**, in which peers register their recognition of a colleague. SGBH, meanwhile, has created the **ReconheSER Program**, which comprises five awards given to employees for high-performance projects and ideas, with the aim of valuing talent and strengthening the culture of excellence.

In terms of sustainability challenges, **CPFL Energia's 2030 ESG Plan includes 23 public commitments**, annually updated and integrated into the Company's Strategic Plan. It provides guidelines for the supply of sustainable, affordable and reliable energy at all times. In line with CPFL, **SGBH also considers ESG to be a pillar of its strategic planning** and has a dedicated area that leads initiatives and investments on this journey.

On the financial spectrum, despite the economic challenges, we have achieved excellent results in our different areas of activity, securing our position among Brazil's largest electricity companies. From generation to transmission and distribution, **our teams work tirelessly to ensure the operational reliability of our assets and to raise governance standards in all our operations.**

An example of cooperation between China and Brazil and the outcome of a socially responsible vision, in 2023 was completed the **Water Desalination Project**, the result of a partnership between SGCC, CPFL Energia, and the government of the state of Rio Grande do Norte. The solar-powered system was installed near CPFL's wind farms, providing access to drinking water for **800 families from three indigenous communities in the region**. SGBH, in collaboration with Rio de Janeiro City Hall, IPHAN and IDG, has completed work to upgrade **Valongo Pier**, a UNESCO Cultural Heritage Site for being the only remnant from the arrival of enslaved Africans in the Americas. The renovated archaeological site has been improved to increase access and promote its historical and cultural importance.

We are confident that, with our vision, values and dedication, we will remain together to **overcome challenges, promote innovation, ensure social responsibility and reach new heights of excellence. This long-term perspective is a core element of SGCC's culture**, shared by all the companies operating in Brazil. We recognize that by being attentive to market demands and global trends, we can act with greater precision, broadening the positive effects on society.

We would like to thank everyone who has contributed to SGCC (Brazil)'s success in 2023 and we hope to keep counting on your support in our journey towards an increasingly sustainable and prosperous future.
Greetings!



Chen Daobiao
Chairman of CPFL
Energia's Board of
Directors



Sun Tao
Chairman
of SGBH

ABOUT THE REPORT

In our sixth State Grid Corporation of China (SGCC) Corporate Social Responsibility Report, we have compiled the main results of the companies in which SGCC invests in Brazil, highlighting CPFL Energia and State Grid Brazil Holding (SGBH), as well as CET Brasil and NARI Brasil.

It includes information for the period from January 1 to December 31, 2023.

A complete overview of these companies' initiatives is available in their annual reports, which follow the best sustainability management and reporting guidelines, such as the Global Reporting Initiative (GRI).

SEE THE FULL REPORTS:



Any questions, suggestions or comments about the report can be sent to:



comunicacao@stategrid.com.br



2. State Grid Corporation of China

Related Capitals



Related SDGs



SGCC COMPANY PROFILE

State Grid Corporation of China (SGCC) is a state-owned company and is headquartered in China since its foundation in 2002. Considered the largest electricity transmission and distribution company in China and the world, it was ranked 3rd in the 2023 Fortune 500 and provides services to 88% of the Chinese territory.

SGCC has over 1.5 million employees in its branches, it is present in ten countries and regions: Brazil, the Philippines, Portugal, Australia, Italy, Greece, Oman, Chile, Pakistan and Hong Kong SAR.

In Brazil, SGCC is part of several segments of the electricity chain through the companies CPFL, SGBH, CET Brazil and NARI Brazil.

CPFL Energia operates in the generation, transmission, distribution, commercialization and service provision in electricity in all regions of Brazil. SGBH is made up of 25 concessionaires and one engineering services company,

wholly or partially owned, linked to the power transmission sector. CET Brasil provides design, construction, assembly and procurement services for Ultra-High Voltage Direct Current (UATCC) network projects. For its part, NARI Brasil supplies power grid equipment.

1.5 MI

employees

3rd

Fortune Global 500

A+

national
sovereignty rating
for 11 consecutive
years

N° 1

China's 500 most
valuable brands
for 9 consecutive
years

88%

of China's
territory
served

1.1 BI

of people
served



CORPORATE CULTURE

DEVELOPMENT STRATEGY



STRATEGIC GOALS

Contribute to economic growth, energy transition, and better livelihood.



OUR TENET

A power utility by the people and for the people.



OUR MISSION

Power your beautiful life, empower our beautiful China.



OUR SPIRIT

In search of excellence, in pursuit of out-performance.

PURPOSE



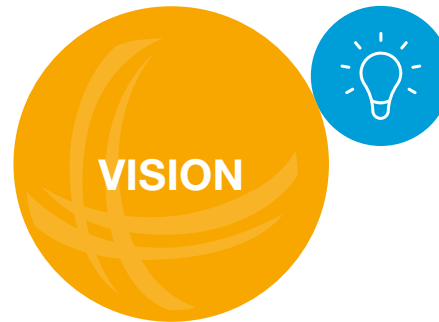
MISSION

The reason why we work every day

We provide sustainable, accessible and reliable energy to all walks of life, and we make people's lives safer, healthier and more prosperous in regions where we operate.

We propel our business growth in a more strategic and competitive way, keep its dynamics and vitality, and create a more standardized, diversified and international corporate culture, while nurturing our legacy.

We provide equal opportunities for all employees, attracting talents to CPFL.

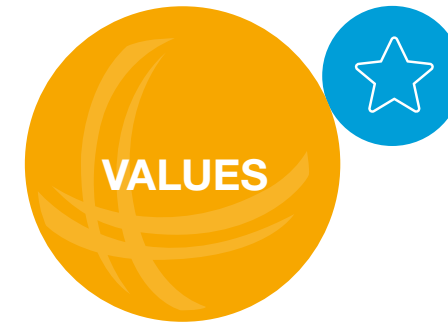


VISION

Where do we want to get

We pursue to be the leading power utility company in South America through reliable supply and recognized services by many audiences.

Forging a long-lasting bond with business development, innovation, and corporate culture.



VALUES

Our ideals of attitudes

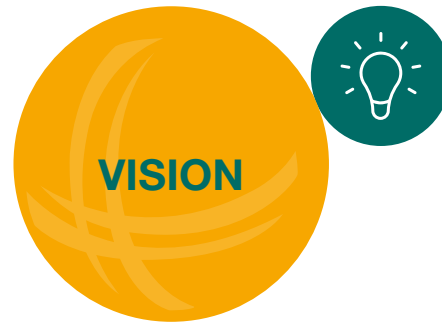
- To us, safety is a nonnegotiable commitment.
- Our strength comes from collaboration among people.
- We innovate to deliver the best solutions to our customers.
- We strive to evolve always in the pursuit of excellence.
- We are ethical and responsible in all we do to deliver sustainable results.

PURPOSE



Seek to be an outstanding and competitive company in the electricity sector.

Provide sustainable and reliable service to the electrical grid and transmit clean energy. Promote the social and economic development of the areas surrounding our businesses.



Be one of the largest and most influential power transmission companies in South America, provide reliable transmission services to our customers through state-of-the art technologies and be very well recognized by stakeholders.



- Safety
- Commitment
- Innovation
- Quality service
- Ethics and transparency
- Sustainability
- Social responsibility

PRESENCE IN BRAZIL

Our operations in the generation segment are aimed at meeting Brazil's demand for renewable and safe energy. We are among the largest renewable energy generators in the country, with an installed capacity of **4,371 MW from hydroelectric and biomass plants, wind complexes and solar plants.**

In our business portfolio, the transmission segment provides one of the greatest opportunities for growth and value generation, combined with improved quality in the provision of services to society. We are among the largest companies in the country in terms of line length, with 16,700 kilometers spread across all Brazilian regions.

At CPFL Energia, we have four energy distribution companies - CPFL Paulista, CPFL Piratininga, CPFL Santa Cruz and RGE, which serve around **10.5 million customers across four states**, marking it the largest distribution company in Brazil.



SGBH

⚡ Transmission lines

CPFL

- Generation
- Transmission
- Distribution
- Instituto CPFL
- Commercialization and Services

OUR BUSINESS

SGCC operates throughout the entire electric energy chain in Brazil, which features one of the largest interconnected systems in the world. The National Interconnected System (SIN) transmits electrical energy between supply and consumption points, managed by the National Electric System Operator (ONS), based on availability criteria and demand forecasts for each region of the country.

CPFL

1 GENERATION
Electricity is produced from different energy sources (hydro, wind, solar and biomass) and sent to the SIN.

CPFL

SGBH

CET
BRAZIL

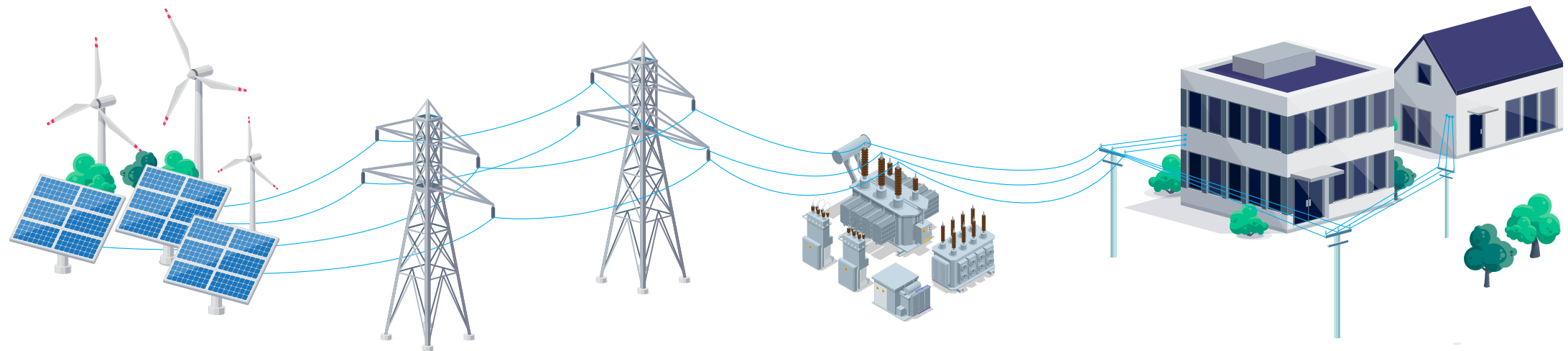
NARI
BRAZIL

2 TRANSMISSION
SIN transmission lines interconnect large areas of national territory and transfer energy from generating plants to distribution substations.

CPFL

3 DISTRIBUTION
The distribution network takes electricity from the substations to the consumption points.

4 CONSUMPTION
The different types of consumers - residential, commercial, industrial or public - are supplied and served in their activities.



GENERATION

With assets installed in 11 Brazilian states, CPFL Geração and CPFL Renováveis produced **14.94 thousand GWh** of electricity in 2023, **99.6% of which from renewable sources**. The energy was sold on both the regulated market (ACR) and the free market (ACL).

Our focus is on ensuring the maximum possible availability of generation assets, by reducing unscheduled shutdowns and corrective maintenance. With optimized operation and maintenance (O&M) processes, investment in monitoring technologies, preventive maintenance and component repair, we have achieved **increasingly better levels of average availability, which stood at 96.77% in 2023**.

In 2023, **the investment made in the generation segment was R\$ 446 million**, and the majority of these resources were directed to the SHPP Cherobim project, in the state of Paraná. The development of new projects has been carefully evaluated, in line with the goal of expanding the renewable energy supply.

95.84% of our installed generation capacity is from renewable sources



8 hydroelectric plants



7 biomass plants



49 wind farms



1 solar plant



46 small hydroelectric plants and hydroelectric generation plants



2 thermoelectric plants

CPFL

TRANSMISSION

As part of the challenge of guaranteeing the safety and monitoring of the operation, we rely on the CPFL Transmissão Operations Center since 2022. To ensure the continuous availability of the assets, a maintenance strategy was implemented which involves the regional distribution of our own teams and specialists, with the support of a maintenance engineering area available 24 hours a day, seven days a week, on an on-call basis.

As a further measure to improve our services, **investments of R\$3.5 billion in CAPEX are planned up to 2028**, with around R\$2.5 billion already authorized by Aneel and earmarked for 2023.

6,436 kilometers

of transmission lines

86

substations

R\$ 1.5 billion Allowed Annual Revenue (RAP)



TRANSMISSION

Boasting more than 16,000 kilometers of transmission lines, SGBH operates in 14 Brazilian states and has invested over R\$30 billion. With 25 wholly or partially-owned companies, State Grid Brazil Holding operates in the construction of transmission systems and the operation and maintenance of its facilities.

Committed to high social, environmental, safety and reliability standards, SGBH invests in cutting-edge technology, pursuing innovation and excellence in the supply of clean, affordable and sustainable energy.

SGBH's Operation and Maintenance activities run 24/7, playing a vital role in ensuring uninterrupted energy transmission and delivering high-quality service to consumers.

+16,000 kilometers
of transmission lines

64
substations

29,000
towers

25
concessionaries

14
states

7
regional branches



TRANSMISSION SERVICES

NARI Brazil

In operation for 10 years, NARI Brazil has strong support in technology and resources from its parent company NARI Group Corporation, a renowned equipment manufacturer and provider of comprehensive solutions in the power grid sector.

NARI Brazil is an active company in the local market through substation protection and control projects and substation EPC (Engineering, Procurement and Construction). It is recognized for its integrity, resilience and professionalism and in recent years, it has met its project deliveries with performance.

NARI Brazil values the renewal of partnerships with its clients and the promotion of Brazil-China cultural exchange. Over the years, it has continually strengthened its position in terms of safety, quality and technological advances. It has introduced knowledge from China to Brazil and shared cutting-edge energy technologies and solutions with local partners, such as High Voltage Direct Current (HVDC), Advanced Metering Infrastructure (AMI), Centralized Control and Management Center (CCMC), Power Management System (PMS), among others.



CET Brasil

CET Brasil has been operating since 2013, with strong support in technology and resources from its parent company - China Electric Power Equipment and Technology Co., Ltd. (CET), an integrated platform of SGCC in carrying out investments, construction and operation of 70 projects overseas in countries such as Brazil, Saudi Arabia and Pakistan. CET Brasil is active in the Brazilian energy industry, undertaking EPC (Engineering, Procurement and Construction) projects in the areas of transnational and transregional networks, renewable energy and smart grids. Exciting progress made in 2023:

- Projects commissioned: STE substation and GIS TCP 138 kV project;
- Projects in partnership with CEMIG and on schedule: photovoltaic solar energy with a total installed capacity of 155 MW in the state of Minas Gerais;
- New projects successfully tendered and implemented on schedule: revitalization of Bipole 1 of the SS Foz do Iguaçu and Ibiúna Direct Current Converter Stations (Furnas), Graça Aranha Silvéria Transmissora de Energia project (SGBH), Arinos SPV COMPLEX project and Serra da Palmeira Wind Complex (CTG Brasil).

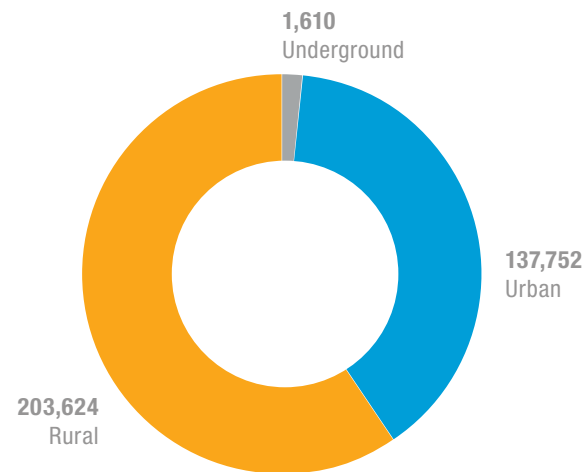
DISTRIBUTION

CPFL's four distributors supply **23 million people** and operate **343,000 kilometers of lines**, in urban and rural areas, and **591 substations**, responsible for converting energy from high to medium voltage.

In recent years, as the main fronts in this objective, we have dedicated ourselves to the **automation, digitalization and flexibility** of the distribution grids, creating value through efficiency, a focus on quality and a customer-centric model. The investments are aimed at continuously improving our operational efficiency, which is measured by indicators of **quality in energy supply and customer satisfaction**. As a result, in all the distributors, these parameters have reached values below the thresholds defined by Aneel.

The use of georeferencing and data analysis technologies will allow us to map and legalize illegal connections and damaged equipment, **mitigating operational risks** and the resulting commercial losses. We have also invested in the installation of smart meters protected by armored boxes in locations with a high incidence of fraud. Actions to reduce non-technical losses will be intensified in 2024.

Distribution lines by type (km)

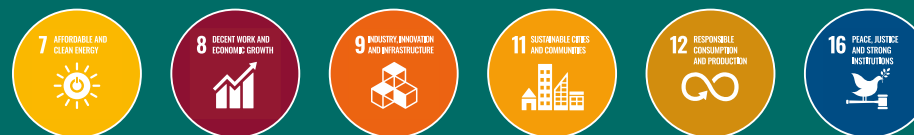


3. Value Generated in 2023

Related Capitals

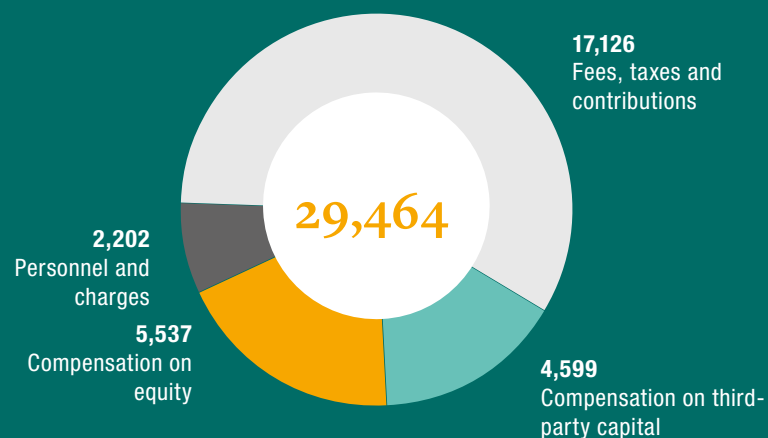


Related SDGs



FINANCIAL PERFORMANCE

ADDED VALUE DISTRIBUTED IN 2023 (R\$ MILLION)



CPFL ENERGIA RESULT

Net operating revenue

R\$ 39.74 BI (+1.0%)

Net profit

R\$ 5.54 BI (+6.1%)

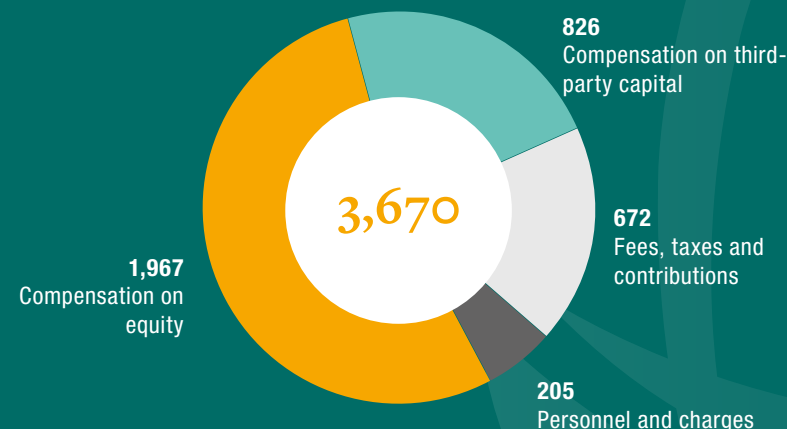
EBITDA

R\$ 12.83 BI (+4.6%)

Gross debt with third parties

R\$ 29.46 BI (+5.1%)

ADDED VALUE DISTRIBUTED IN 2023 (R\$ MILLION)



SGBH RESULT

Net operating revenue

R\$ 4.03 BI (+12.6%)

Net profit

R\$ 2.15 BI (-3.2%)

EBITDA

R\$ 2.84 BI (-9.2%)

Gross debt with third parties

R\$ 7.65 BI (-0.3%)

(versus 2022)

CPFL

HIGHLIGHTS

Financial



R\$ 5.5 billion in net profit
R\$ 39.7 billion in net operating revenue
R\$ 12.8 billion EBITDA
1.87x leverage (net debt/EBITDA)

Natural



100% of the main components destined for recycling or reverse chain systems
100% of the operational fleet electrified in the municipality of Indaiatuba (SP)
12,100 pieces of equipment refurbished by CPFL Serviços Reformadora
65,800 tree seedlings donated or planted by the Arborização + Segura program
R\$ 740,000 invested in R&D to develop green hydrogen

Human



2nd Diversity Week, with over **4,200** views on YouTube
21.79% of women in leadership positions
17.33% of black people in leadership positions
700,000 hours of training for employees
8.5% reduction in the number of accidents

Social



R\$ 52.7 million invested in socio-environmental projects to transform the community
 Inauguration of the desalination project, which **provides around 3 thousand people** with drinking water in Rio Grande do Norte
81 hospitals benefited from the CPFL nos Hospitais program
20 years of activity of the CPFL Institute

Manufactured



R\$ 5.1 billion in investment (CAPEX)
10% of SAIDI reduction (System Average Interruption Duration Index)
11% of SAIFI reduction (System Average Interruption Frequency Index)
6,400 kilometers of transmission lines
55 dams monitored in real time with Hydro 4.0

Intellectual



Launch of **energy e-commerce**
R\$ 150.8 million invested in smart energy solutions
157 ideas from employees registered in the INLAB innovation program
R\$ 66.1 million invested in Research and Development (R&D)
10 POCs (proofs of concept) made available by CPFL Inova

Consistent with our global vision of building a world-class company, our strategy is:

- Excellent products
- Distinctive brand
- Pioneering innovation
- Modern governance

1. Optimize current business
 Conduct a set of strategic projects to optimize current performance



2. Business growth
 Focus on value creation businesses in Brazil, respecting internal growth capacity (financial, technical and operational)

Focus on **RAB execution**
 Monitor promising opportunities and businesses (greenfield or M&A)

Capture new opportunities and manage risks in adjacent businesses (CPFL Total and Alesta, CPFL Brasil and CPFL Serviços)

Main business

Adjacent businesses

HIGHLIGHTS

New Projects



We won the largest lot in ANEEL's 2/2023 transmission auction, with an investment of more than **R\$ 18 billion**

Governance



We created a Corporate Governance department and revised our **Code of Ethics and Conduct**

ReconheSER Program



Recognizing and rewarding the contribution of our talents to SGBH's achievements is an **ongoing practice** and we now count on this program to embrace all internal awards

STE Operation



We energized **177 km** of 500 kV lines 15 months ahead of the scheduled date, which was 2025

Free Energy Market



We adhered to the free market, signing a **five-year contract** to purchase energy based on economic and environmental criteria

Net Revenue



Net revenue of **R\$ 4.03 billion**

One State Grid



100% of our professionals were engaged in the concept of joining forces and valuing our collective work

GHG Protocol Gold Seal



The 2021 and 2022 greenhouse gas inventories were awarded **recognition of transparency** and engagement with the issue of climate change

XRTE Availability



We had the **best result** in SGBH's history, with a 100% availability

VALUE CREATION

Inputs

MANUFACTURED CAPITAL

- Infrastructure of transmission lines, substations and operational centers;
- Infrastructure expansion and construction projects;
- Technologies to optimize operations.

NATURAL CAPITAL

- Use of renewable and non-renewable natural resources;
- Change in land use;
- Interference in forest areas;
- Impact on biodiversity.

FINANCIAL CAPITAL

- Income and financing;
- Direct participation shareholders and investment fund.

SOCIAL AND RELATIONSHIP CAPITAL

- Relationship with communities;
- Relationship with government authorities and energy regulatory agencies.

HUMAN CAPITAL

- Own and third-party employees;
- Suppliers;
- Partners.

INTELLECTUAL CAPITAL

- Technical and managerial knowledge of the team;
- Exchange of accumulated knowledge from the headquarters in China.



Generated Value

MANUFACTURED CAPITAL

- 25 energy transmission concessionaires in 14 states in Brazil;
- +16 thousand km of lines and 54 substations;
- Activation of 177 km of 500 kV lines, brought forward by 15 months, in a project carried out with partial investment in green debentures;
- 4,000 MW Ultra High Voltage ± 800 kV technology;
- 1,468 km to be built under new 30-year concession contracts;
- Average availability above 99.2%, reaching 100% at XRTE.

NATURAL CAPITAL

- GHG Protocol Gold Seal for 2022 and 2021 inventories;
- 60,687 tCO2e emissions in Scopes 1 and 2;
- 22.7 thousand GJ of energy consumed;
- 116 t of hazardous waste and 230 t non-hazardous;
- Signing of a renewable energy contract through the Free Contracting Environment;
- Compliance with environmental licensing conditions;
- Natural resources management.

FINANCIAL CAPITAL

- R\$4.03 billion in net revenue;
- R\$3.67 billion in distributed added value;
- Investments in employees, infrastructure and innovation;
- Remuneration of third-party capital;
- Use of the R\$235 million received in green debentures.

SOCIAL AND RELATIONSHIP CAPITAL

- Practices aligned to the policies and regulations of the energy sector and occupational health and safety;
- Partnerships in research and development;
- Mitigation of interference in local communities and an open relationship channel to prevent accidents;
- 11 social investment projects;
- Contribution to communities development;
- Signatories of the UN Global Compact.

HUMAN CAPITAL

- 900+ employees focused on the same goal;
- 100% engaged in the One State Grid concept;
- Recognition awards for our professionals;
- Training and skill development;
- Dedication to the safety and well-being of employees and local communities;
- 20 labor accidents, with no serious accidents or fatalities;
- Active engagement with communities;
- Guarantee of energy delivery to society.

INTELLECTUAL CAPITAL

- 5 awards granted to SGBH and our professionals;
- R\$13.3 million invested in 9 R&D and innovation projects;
- Launch of the State Academy corporate university;
- Periodic training totaling more than 45 thousand hours;
- Adherence to international innovation and quality standards;
- Contribution to technological advances and innovative solutions for the transmission sector.

4. Governance and Strategy

Related Capitals



Related SDGs



CORPORATE GOVERNANCE

Committed to improving its governance, SGCC pursues the strengthening of its member organizations, taking into account best practices and market advances.

The CPFL Group has a solid governance structure, aligned with market corporate practices involving ethics, sustainability and a vision of growth. It seeks to build an environment of continuous interaction between shareholders, Board of Directors, Advisory Committees and Commissions, Fiscal Council, and Executive Board.

At SGBH, the Senior Management Committee (SMC) is the highest governance body, and is composed of executives with extensive experience in the electricity sector, responsible for important and strategic decisions.

2023 HIGHLIGHTS



The 2030 ESG Plan defines 23 structuring public commitments in:

- Renewable and Intelligent Solutions;
- Sustainable Operations;
- Shared Value with Society;
- Safe and reliable operations.



Engaging with the One State Grid concept;

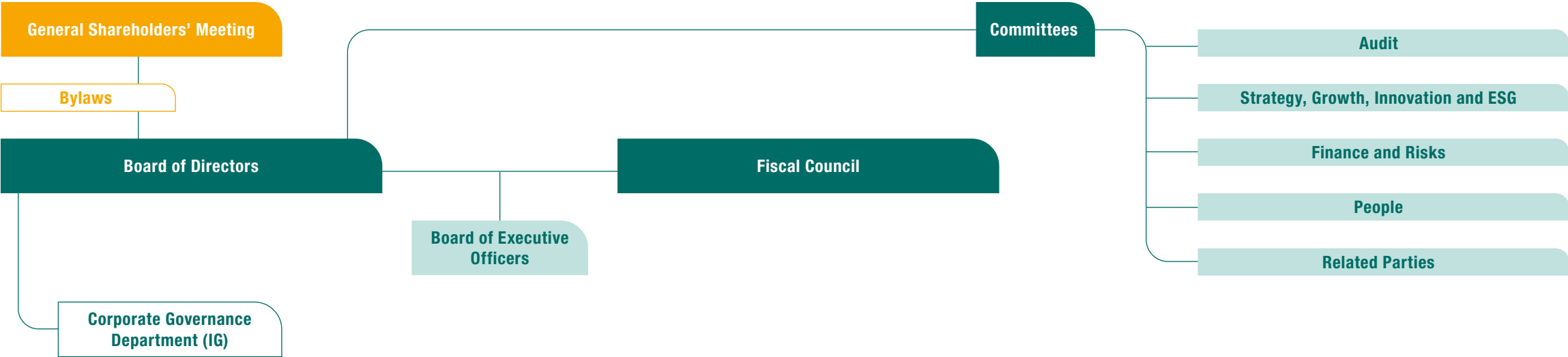
Updating the Code of Ethics and Conduct;

Strategic Planning Review;

Creation of the Corporate Governance Department.

CPFL

GOVERNANCE STRUCTURE



COMPOSITION OF THE BOARD OF DIRECTORS (2023-2025 TERM)

Mr. Daobiao Chen	Chairman of the Board of Directors (external member)
Ms. Yanli Liu	External member
Mr. Yumeng Zhao	External member
Mr. Gustavo Estrella	Member and CEO of CPFL Energia
Mr. Kedi Wang ¹	Member and CFO of CPFL Energia
Mr. Antonio Kandir	Independent member
Ms. Claudia Elisa Soares ²	Independent member

¹Ms. Kedi Wang was elected in August 2024 to replace Mr. Yuehui Pan until the end of his term.
²Ms. Claudia Elisa de Pinho Soares was elected in February 2024 to replace Mr. Marcelo Amaral Moraes until the end of his term.

COMPOSITION OF THE BOARD OF EXECUTIVE OFFICERS (2023-2025 TERM)

Gustavo Estrella	Chief Executive Officer
Kedi Wang ³	Chief Financial and Investor Relations Officer
Huang Futao	Vice-President of Strategy, Innovation, and Business Excellence and Executive Vice-President (acting)
Luís Henrique Ferreira Pinto	Vice-President of Regulated Operations
Karin Regina Luchesi	Vice-President of Market Operations
Gustavo Pinto Gachineiro	Vice-President of Legal and Institutional Relations
Vitor Fagali de Souza	Vice-President of Business Development
Flavio Henrique Ribeiro	Vice-President of Business Management

³Ms. Kedi Wang was elected in November 2024 to replace Mr. Yuehui Pan until the end of his term.

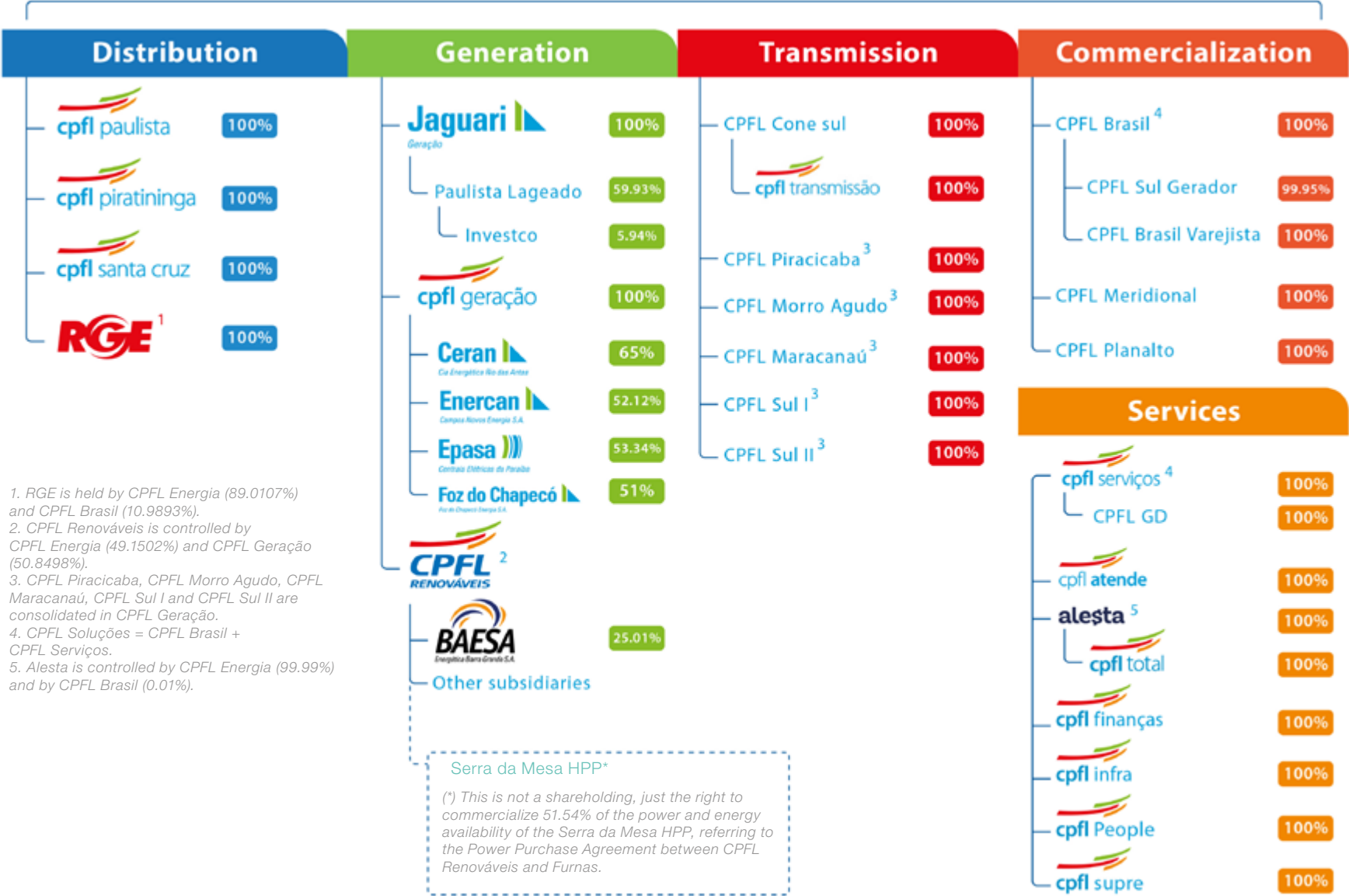


83,71%



Free Float

16,29%



1. RGE is held by CPFL Energia (89.0107%) and CPFL Brasil (10.9893%).
 2. CPFL Renováveis is controlled by CPFL Energia (49.1502%) and CPFL Geração (50.8498%).
 3. CPFL Piracicaba, CPFL Morro Agudo, CPFL Maracanaú, CPFL Sul I and CPFL Sul II are consolidated in CPFL Geração.
 4. CPFL Soluções = CPFL Brasil + CPFL Serviços.
 5. Alesta is controlled by CPFL Energia (99.99%) and by CPFL Brasil (0.01%).

Serra da Mesa HPP*
 (*) This is not a shareholding, just the right to commercialize 51.54% of the power and energy availability of the Serra da Mesa HPP, referring to the Power Purchase Agreement between CPFL Renováveis and Furnas.

SGBH

GOVERNANCE STRUCTURE

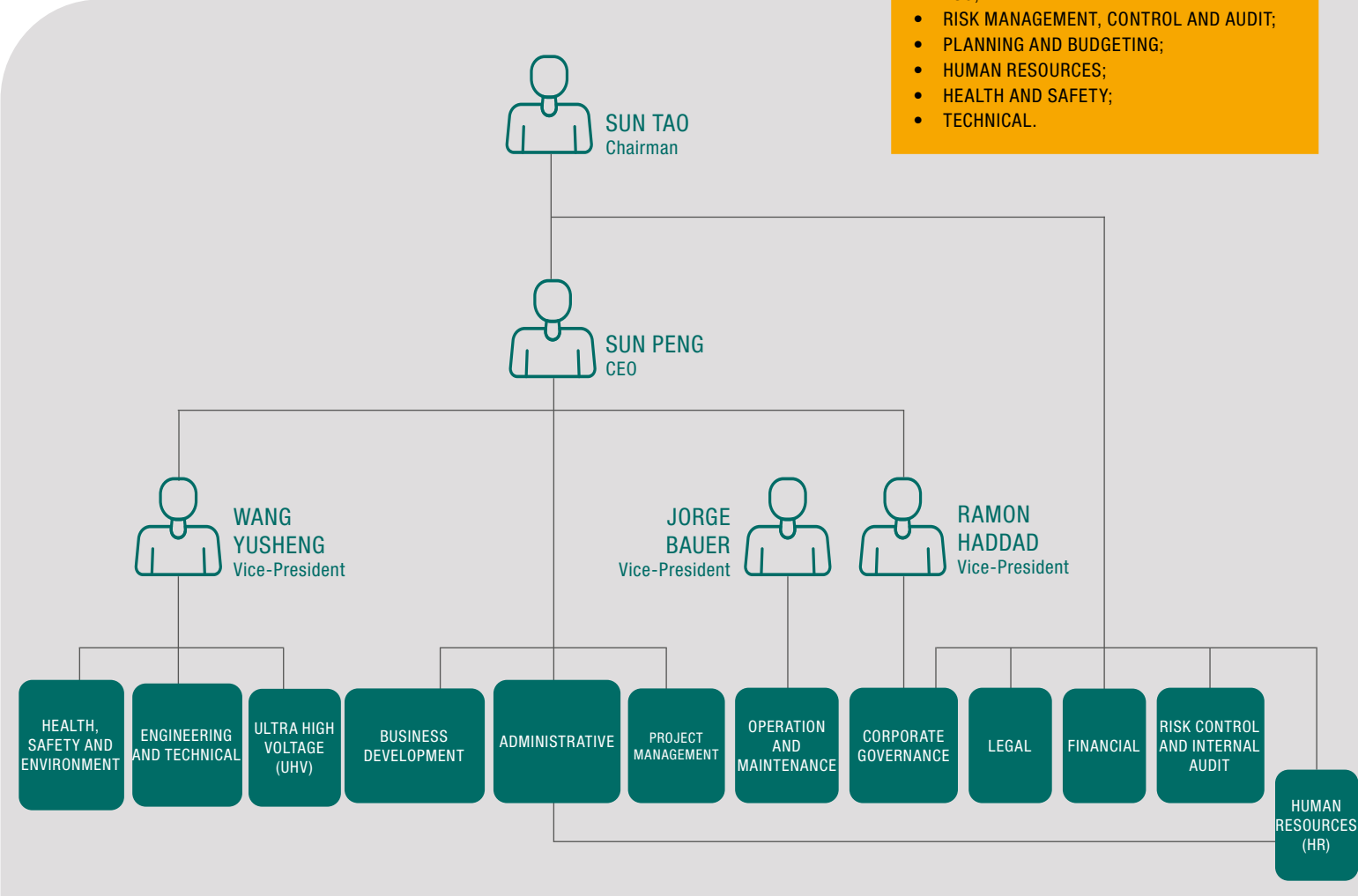
Committed to improving its governance, SGCC pursues the strengthening of its member organizations, taking into account best practices and market advances.

Senior Management Committee members are chosen as decided by the shareholders, with a three-year term of office, reelection permitted. In 2023, the SMC underwent two changes, Mr. Sun Tao assumed the role of Chairman in March, and Mr. Sun Peng assumed the presidency in October.

SMC decisions are supported by eight specialized committees that regularly monitor the Company’s projects and results. The members of these committees are appointed by the SMC, taking into account the competencies required for efficient performance. One of the specialized committees is the ESG Committee, which has 14 members and monitors the evolution of Environmental, Social and Governance topics associated with SGBH’s business.

SPECIALIZED COMMITTEES:

- CONFIDENTIALITY;
- ETHICS;
- ESG;
- RISK MANAGEMENT, CONTROL AND AUDIT;
- PLANNING AND BUDGETING;
- HUMAN RESOURCES;
- HEALTH AND SAFETY;
- TECHNICAL.



In 2023, we created a new Corporate Governance Department that integrates five multidisciplinary divisions: Administrative Management and Supervision; Corporate Governance Affairs; Regulatory and Relations; Compliance and Privacy; Culture and Corporate Communication.



In December 2023, SGBH had a substantial change in its shareholder structure with the addition of the Chinese institutional funds, CNIC Corp, China-Portuguese Speaking Countries Cooperation & Development Fund (CPD Fund) and China-LAC Industrial Cooperation Investment Fund (CLAI Fund), with the subscription of shares issued by State Grid International Singapore Private Limited (Singapore Holdco). The new investors hold a minority interest of around 26% in Singapore Holdco, while IGHL, an indirect wholly-owned subsidiary of SGCC, retains a majority interest, without affecting the control held by SGCC, which will remain as the sole and effective indirect parent company of SGBH. The investments reduce indebtedness and optimize SGBH's capital structure, improving the perception of credit risks and business solidity.

GUIDELINES AND COMMITMENTS

To create sustainable, long-term value, our strategy is based on a business model that incorporates a varied portfolio of assets, thus responding to the trends and transformations in the Brazilian electricity sector. Our focus is on fostering the improvement of current businesses and expanding the portfolio as the main drivers of value.

In 2023, we started the implementation of the new 2030 ESG Plan, made up of 23 commitments organized into four strategic pillars. In parallel, a study was conducted to identify the positive and negative externalities generated by our operations.

ETHICS, TRANSPARENCY AND COMPLIANCE

The Integrity Program brings together guidelines and practices for promoting business with ethics, transparency and in line with the values established in our Code of Ethical Conduct and the legal requirements applicable to our business. Certified under ISO 37001 since 2022, the Program ensures compliance of operations with the Anti-Corruption Law, incorporates mechanisms to identify and address corruption risks, and implements initiatives to train our team of employees.

Annually, we plan a training schedule in the context of the Integrity Program in order to strengthen the ethical culture in the Company and disseminate the concepts and premises of the Code of Ethical Conduct. Third-parties carry out integration training and can undergo refresher training whenever needed. All new professionals at the Company participate in an integration course, which includes information about the conduct guidelines,

the Integrity Program and the Ethics Channel. In addition, they carry out the Program’s mandatory e-learning at CPFL University, which includes completing and acceptance of the Code of Ethical Conduct.

Leaders complete annual training to reinforce the culture of compliance, and additional training is provided to specific groups to address topics such as gifts and presents, conflicts of interest, relationships with public agents or politicians and measures to prevent corruption and bribery.

In 2023, we trained 100% of the workforce on compliance and anti-corruption topics in accordance with the premises of our ESG 2030 Plan.

SGBH

GUIDELINES AND COMMITMENTS

SGBH’s Strategic Planning (SP) is periodically reviewed by the Senior Management Committee and provides strategic guidelines for the Comprehensive Corporate Plan (CCP), business performance indicators and annual budget. In the SP 2024-28 cycle, the perspectives of the Brazilian electricity market and business opportunities were evaluated, establishing corporate assumptions over a five-year horizon.

In 2023, we made important updates to the Code of Ethics and Conduct, to reinforce fundamental points in our relationship with our employees, suppliers, service providers, business partners, and competitors. Online training was offered on this code, with the inclusion of tests to reinforce employees’ understanding.

As a strategy to strengthen the integrity culture, we promote onsite and online training, covering all regions. In 2023, we focused our efforts on raising awareness about fraud, corruption and conflict of interest, providing employees with clarifications and guidance. Regarding anti-corruption policies and procedures, 100% of employees, from all positions, were notified about this issue; 68% of leaders and 90% of non-leaders received training on the topic.

SGBH has not been involved in any corruption cases over the last year, and no penalties or disciplinary measures related to this issue have been imposed.



ONE STATE GRID

Over 2023, State Grid Brazil Holding focused efforts on the One State Grid project, a comprehensive and challenging initiative that unifies the company and highlights the importance of collective work. The objectives for achieving corporate results include maximizing the availability of transmission lines, adding value to shareholders, and preparing people, improving processes and incorporating technologies, adding value to shareholders and managing costs and manageable expenses.

COMMITMENTS

- Efficiency and efficacy;
- Relationship based on trust, respect and empathy;
- A united company, guided by the same purpose and open to innovation;
- Active cooperation across departments, including the relationship between directors and managers;
- Clear communication;
- Long-term planning;
- Individual and collective commitment and responsibility;
- Safety.

5. Sustainability Management

Related Capitals



Related SDGs





Over the course of 2023, SGCC has implemented better sustainable practices, making progress on initiatives focused on ESG criteria and the material topics of each Company.



CPFL Energia's Annual Report reaffirms its commitment to transparency towards society and drives improvements in the management of our impacts, risks and opportunities within the sustainable development context. The materiality process and the Report are approved by the executive levels and brought to the attention of the Board of Directors, through the Strategy, Growth, Innovation and ESG Committee.



STATE GRID
BRAZIL HOLDING S.A.
国家电网巴西控股公司

SGBH's material topics continued to be prioritized in our initiatives, and State Grid's Strategic Plan serves as the guidance of our actions. In recognition of our commitment to ESG topics, we received the Gold Seal of the Brazilian Greenhouse Gas Program, awarded by the Fundação Getúlio Vargas, which is the highest level of certification.



EVOLUTION OF MATERIALITY

The content of the 2023 Annual Report is guided by the material topics identified in the Materiality Study that we conducted in 2022. In this process, we captured the expectations and interests of 12 groups of prioritized stakeholders through two complementary analysis strategies: direct consultation via online questionnaire and research into secondary sources, such as reports, studies and market frameworks.

The selection of topics considered the topics already covered in previous materiality processes and CPFL Energia's strategic direction for ESG management in business. In total, **16 themes** were identified and considered material, organized into environmental, social and governance pillars. The study also allowed us to understand the priority themes for each audience and their perception of the Company's alignment with the Sustainable Development Goals (SDG).

With **23 commitments** organized into 4 pillars, the ESG 2030 Plan continues the strategic management work that we began in 2019, when we structured our first Sustainability Plan.

The ESG 2030 Plan is updated annually, integrated with the Company's Strategic Planning. Its periodic monitoring is carried out by the Sustainability Committee, the Board of Executive Officers, the Strategy, Growth, Innovation and ESG Committee and the Board of Directors.

The plan not only broadens our perspective and scope by integrating outstanding commitments from the 2020-2024 Sustainability Plan, but also aims to drive the operations towards a greater contribution to the 2030 Agenda and the UN Sustainable Development Goals (SDGs), in a long-term vision.



[Get to know the 23 commitments of the 2030 ESG Plan and the results achieved in 2023 in the CPFL Energia report.](#)

The 2030 ESG Plan is based on four pillars and commitments: **Renewable and Intelligent Solutions; Sustainable Operations; Shared Value with Society; and Safe and Reliable Action.** Within these pillars, annual targets are defined and the results achieved are presented in Company actions.

In 2023, our commitment to renewable energy generation stood out, achieving a remarkable result of **95.84% of installed capacity coming from renewable sources** - the fight against climate change and its impacts is a trend that strongly influences the electricity sector. In line with SDG 13 - Climate Action, our 2030 ESG Plan lays down a number of commitments to contribute to the energy transition, expanding the supply of renewable energy and decarbonization solutions for our clients' production chains.

Through our businesses, we seek to engage other companies in the fight against climate change. CPFL Soluções provides a comprehensive portfolio to serve Group A consumers (connected at medium and high voltage), including public and private sectors from several segments, providing integrated solutions adapted to the specific needs and demands of each partner. One of the measures being evaluated to reduce our greenhouse gas (GHG) emissions is the replacement of vehicles in the operational fleet with 100% electric models. Our commitment was updated in 2024, now including the distribution companies in São Paulo and Rio Grande do Sul, with the goal of having at least 15% of the heavy fleet (operational trucks) powered entirely by electricity.

We also regularly monitor the intensity of our emissions through the inventory, managing the carbon footprint in proportion to the volume of commercial activities. We calculate the intensity per net operating revenue, covering all inventoried gases and corporate emissions, per energy generated (for the generation business) and per energy distributed (for the distribution business).

Net Zero Ambition

In 2022, we joined the Net Zero Ambition movement, led by the Global Compact committing ourselves to reducing greenhouse gas (GHG) emissions in line with the objectives of the Paris Agreement. In the 2030 ESG Plan update, we set ourselves the goals of reducing our total emissions by 56% compared to 2021 and becoming carbon neutral by 2025 via carbon credits. Through the shareholding approach, a wide range of GHGs are accounted for in proportion to the investments made in the different businesses. We follow the premises of the Brazilian GHG Protocol Program, with indicators consolidated on a digital platform, externally audited and classified with the Gold Seal.

This commitment reinforces our role in mitigating climate change and demonstrates our commitment to transparency and environmental responsibility, with reference to international best practices and the UN's Sustainable Development Goals (SDGs).

EVOLUTION OF MATERIALITY

SGBH materiality study was carried out in 2021 and the material topics were defined in accordance with the electricity sector practices and guidelines, taking into account consultation with interested parties. The consulted stakeholders were: financial sector agents, employees, community leaders, municipal and state government authorities, regulatory bodies (environmental and sectoral agencies, Public Prosecutor's Office and Judiciary System institutions) and civil society.

To define the themes, sectoral studies were performed and best practices were observed according to: Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), Corporate Sustainability Index (CSI – B3), Dow Jones Sustainability Indexes (DJSI), reports and publications from companies in the electrical sector, international studies on sustainable development in the electrical sector.

All themes continued to be developed throughout 2023 and are priorities in our initiatives, organized into ESG categories.

ENVIRONMENTAL

BIODIVERSITY

We mitigate impacts on biodiversity resulting from implementation and operation activities according to the vulnerability of the various regions where we operate, following the measures provided for in environmental agencies' licenses and guidelines. Impacts on vegetation suppression, erosion processes, temporary fragmentation of habitats and other impacts are mitigated or compensated by actions such as forest replacement, germplasm conservation, rescuing and relocating wildlife.

SOCIAL

OPERATIONAL SAFETY

Operational safety is a non-negotiable value at SGBH, the decisions made by the Safety Committee are reflected in comprehensive programs and awareness campaigns, in addition to the implementation of tools and regular training for teams. We also carry out preventive and corrective actions, such as incident investigations, new equipment studies and internal audits. Over the past year, we had no serious accidents or fatalities, updated the behavioral safety program and increased risk awareness among field employees, highlighting our continuous commitment to safety.

GOVERNANCE

TECHNOLOGY AND INNOVATION

We incorporated technology and innovation into SGBH's culture and strategic planning, and throughout 2023 we continued investing in regulated projects seeking efficiency and added value. ISO 56002 innovation management certification reinforces our structured commitment to advancing this topic, in addition to periodic meetings of the Innovation Committee, addressing global risks. The management of our R&D portfolio is supported by IT tools, and our Innovation Manual is reviewed annually, guiding objectives, goals and indicators, meeting the ANEEL R&D Program standards.

ENVIRONMENTAL

ENVIRONMENTAL MANAGEMENT

This theme encompasses several environmental issues, such as licensing, environmental conditions, solid waste, effluents, water and forest replacement. Our practical initiatives include environmental monitoring, environmental compensation, social communication and environmental education, to ensure compliance with legislation and prevent adverse impacts on health and the environment.

ENERGY TRANSITION

We lead two essential projects in energy transition, focused on studies on reversible hydroelectric plants and energy storage in batteries. We seek to develop methodologies that contribute to transition management policies and guarantee energy security. Furthermore, we are preparing for the expansion of energy infrastructure, including ultrahigh voltage technology and R&D projects for resource optimization and transmission reliability.

SOCIAL

SOCIAL INVESTMENT

We carry out social investments that bring long-term benefits to society, extending efficient and transparent management commitments to each project. During 2023, we supported 11 projects in the culture, sport and health areas. With a specialized team implement the activities, we hold periodic meetings for monitoring and management the results, which are shared, when necessary, with the ESG Committee.

LOCAL COMMUNITIES

The risks and impacts on local communities vary between the implementation and operation phases. During implementation, we create employment opportunities, boosting the local economy, but generating risks of seasonal worker mobilization and impacts due to the work vehicles circulation. During operation, impacts are reduced, concentrated on specific activities. In order to minimize impacts, we implement environmental education and social communication programs, with constant results monitoring. Throughout the project, we prioritize local hiring, communicate job opportunities publicly and maintain dialogue channels, including an Emergency and Ombudsman Channel. In more sensitive areas due to the presence of traditional communities, such as indigenous or quilombolas, we develop mitigation and compensation programs, focusing on the development and autonomy of these communities.

GOVERNANCE

ETHICS AND COMPLIANCE

SGBH reinforces its commitment to ethics and integrity, working both internally to comply with and disseminate the organizational culture, and externally in stakeholder relations. We updated the Code of Ethics and Conduct and adopted actions such as: periodic, onsite and remote training for all employees, communication via email of compliance pills on business conduct and ethics, and the Compliance Week, in which we address topics such as fighting corruption, data protection and privacy, gender equality and racial diversity. Furthermore, we have an independent and anonymous Ethics Channel, ensuring compliance with local legislation.

RESILIENT INFRASTRUCTURE

We dedicate efforts to preventing transmission failures, especially during periods of high power transfer, granting energy stability. We carry out preventive and predictive inspections and maintenance on equipment, and study hidden faults, allowing us to anticipate actions, enriching our prevention practices and strengthening the system's resilience. We also have an emergency action group, made up of trained teams and a strategic stock of spare parts in lines and substations, ensuring an effective response to possible contingencies.

6. Operational Health and Safety

Related Capitals



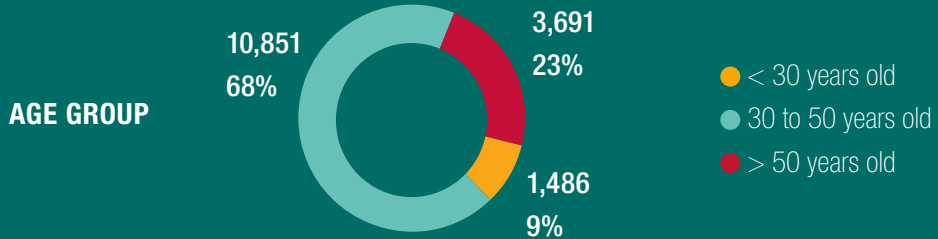
Related SDGs



OUR EMPLOYEES

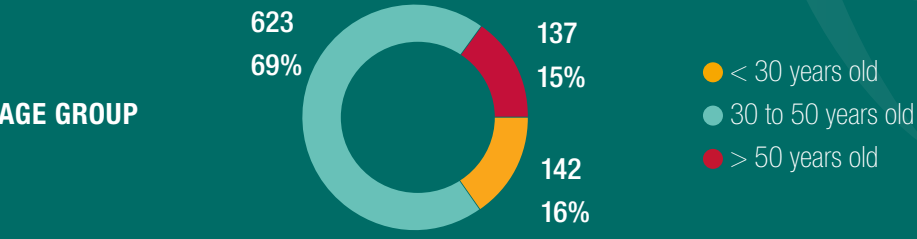
16,028 employees

CPFL		Gender		Region			
		Women	Men	Midwest	South	Northeast	Southeast
Employment contract	Permanent	3,285	12,686	10	4,652	32	11,277
	Temporary	17	40	0	2	1	54
Employment type	Full-time	3,286	12,712	10	4,644	33	11,311
	Part-time	16	14	0	10	0	20



912 employees

SGBH		Gender		Region			
		Women	Men	Midwest	North	Northeast	Southeast
Employment contract	Permanent	164	711	216	76	31	552
	Temporary	20	17	0	0	0	37
Employment type	Full-time	167	720	216	76	31	564
	Part-time	17	8	0	0	0	25



Data as of 12/31/2023.

CPFL

HEALTH AND SAFETY

Since 2022, our Company has been a member of the Mind in Focus movement, promoted by the UN Global Compact. The initiative encourages organizations to build mechanisms and programs focused on promoting mental health, aiming at preventive and humanized monitoring.

Occupational health management covers the monitoring of periodic medical examinations and occupational health certificates for employees and third parties, and the

prevention of occupational illnesses in accordance with the Occupational Health Medical Control Program (PCMSO).

For CPFL Energia professionals, we have practices that go beyond the scope of occupational health and promote well-being and quality of life. Among them, the offering of health and dental plans, the dissemination of information in internal campaigns and the assessment of people with disabilities, chronic illnesses, pregnant women and the

elderly so that they can be allocated to tasks appropriate to their health conditions.

Concerned about our employees' quality of life, we offer them a comprehensive benefits package, regardless of the type of employment contract. The main benefits include transport vouchers, meal and food vouchers, life insurance, a private pension plan, medical and dental care, as well as a program to encourage physical activity.



HEALTH AND SAFETY

BENEFITS

Throughout the year, we have created some important processes to make our employees aware of the benefits provided by the company. Work was carried out in all regions on the importance of private pensions, greatly increasing people's participation.

We also promote employees' physical health through the use of Gympass and encouraging preventive use of the health insurance plan. For more remote areas, we also make telemedicine available, so that all locations can be served, in addition to promoting improvements in the accredited network and providing alternative measures, such as reimbursement.

QUALITY OF LIFE PROGRAM - IDEAL

With the aim of caring, promoting actions that contribute to the well-being of employees, developing a healthy and more productive environment at SGBH, in 2023 we realized the following actions:

- **Baby Care Program:** Provides support to employees who want to have their questions about the pregnancy period, postpartum period and breastfeeding answered.
- **Ideal Health Program:** Provides support to employees through telemedicine, 24-hour clinical center, nutritional and sports coaching specialized medical opinion.
- **Health Week:** The event was held to remind our employees about the importance of health care.
- **Yellow September:** Mental health awareness and suicide prevention month was marked by several activities such as: lectures, support program, clarification sessions with a psychologist, among others.
- **Pink October:** During breast and cervical cancer awareness month, we had a medical lecture for guidance, questions and testimonials from people who have been diagnosed with it.
- **Blue November:** During the Prostate Cancer awareness month, we held a lecture with an urologist, for guidance and clarification.



VALORIZATION AND TRAINING

At CPFL Energia, we are a team made up of more than 16,000 employees. We are a group of different people with complementary professional skills, united by a single culture: Our Way of Being. Directly connected to our Values, Strategic Planning and the 2030 ESG Plan, Our Way of Being symbolizes the way we evolve; it encapsulates the attitudes and behaviours we expect from our teams in the quest to achieve our corporate goals and objectives. As key players in this movement, people are at the heart of our culture, geared towards generating value with sustainable results in a collaborative, diverse and inclusive environment.

At CPFL, a practice to boost competence is Performance Management, a model in which leaders and teams evaluate, in a transparent manner and through dialog, the individual contribution to the achievement of corporate objectives and goals. All employees are submitted to this evaluation every year.

To encourage professional development, we also have the **CPFL University**, a platform that integrates educational content, training and development paths



for all functional levels. In addition, we have invested in several initiatives in the talent development area, such as the Self-Development Guide, the Leadership Program, the Protagonists Program, the Short-term Assignment, the Tech Journey, the Mentoring Program, the LNDT – Development and Training Needs Survey and the Scholarship Program.

In the selection process for new vacancies, we adopt procedures aimed at ensuring fairness in offering opportunities and preventing discrimination of any kind. Our goal is to recruit well-prepared people who are aligned with our culture. To this end, we have developed the Internship Program, the Trainee Program and the Operational Excellence School, in partnership with CPFL University.

In 2023, **training totaled 700,437 hours**, an average of 41 hours for each employee. The average training for women was 19 hours and for men 48 hours. In terms of functional category, Leadership received 25 hours of training and other people 42 hours.

SGBH

VALORIZATION AND TRAINING

ReconheSER Program

With the purpose of valuing our talents and strengthening our culture, we developed a program that brings together all the internal awards we grant to employees for their high-performance projects and ideas. In 2023, the Program encompassed five awards: Vital Award; Highlights of the Year; One State Grid Award; Best Proposal Award and Inova A Ação.

We also have the Employee Support Program (PAE), offered free of charge to employees and their dependents. Specialized professionals in the psychological, legal, financial and social areas are available to provide confidential, private and unrestricted assistance.

With a total of **45,577 hours of training**, the average amount of training offered was 51.36 hours per employee. In terms of functional category, Senior Leadership received 20 hours; Leadership, 39 hours and non-leadership, 50 hours. Training professionals enables us to offer excellent services and improve our talents.



STATE ACADEMY

Launched in 2022 as part of the Company's continuous growth vision, the State Academy integrates several content formats, such as videos, articles and courses, available to employees, reinforcing the commitment to continuous professional development. Based on artificial intelligence, the platform suggests personalized content for each user, encouraging a continuous, collaborative and connected knowledge process.

CPFL

SAFETY IN OPERATIONS

The Occupational Health and Safety team provides support to various areas of the company in conducting accident investigations and monitoring preventive and reactive indicators in accordance with legal requirements and corporate policies.

In 2023, we recorded a significant reduction in the number and severity of accidents involving third parties. There was **a 28.5% decrease in the accident frequency rate** and a 10.3% decrease in the severity rate for this group.

The identification and assessment of risks to workers' health and safety are carried out by specialized and properly trained teams, in accordance with specific regulations. All tasks are analyzed, and the results determine the control measures that must be adopted to ensure safety in activities. These measures may include the use of individual or collective protective equipment and mandatory training for the professionals involved, among other measures.

The awareness of our people, customers, service providers and society in general occurs through messages disseminated in accessible formats and language, including the use of digital media. In 2023, communication actions were carried out in the concession areas of our four distributors, with an **investment of around R\$ 3.36 million** in the Guardião da Vida program.

In the same year, we recorded 57 accidents involving the population and the electricity grid under our management. Despite the increase in total accidents compared to 2022, when we had 53 occurrences, we identified a **reduction in the number of fatal accidents**, from 18 to 11.



SGBH

SAFETY IN OPERATIONS

Safety is one of the most important values for SGBH, and is a guiding principle for all our actions. We frequently implement training, lectures and awareness campaigns for employees, expanding reflection on the topic and showing the multiple dimensions that affect it. Throughout the year, we carried out a number of training courses, tailored to the employees' roles and activities.

All incidents are investigated to identify the direct and indirect causes in order to mitigate them and prevent recurrence. Action plans are generated and handled by managers with the support of occupational safety professionals.

Our corporate culture is focused on prevention and responsible management of the risks associated with our activities.

We monitor our challenges with performance and health preservation indicators and use behavioral observation tools in operational activities. Aligned with corporate strategic planning, the initiatives encourage a culture of safety in activities based on three pillars:

Technical: creating safe working environments;

Human: employees' search for safe behavior;

Administrative: implementation of management systems to help perform tasks.



See our main initiatives in the full report:

- Responsible driver conduct
- Behavioral Safety Program

7. Valuing Communities and the Environment



Related Capitals



Related SDGs



PEOPLE SAFETY



In an effort to dialog with communities and understand local needs, the units have set up **communication channels**, which can also be used to hear complaints and grievances. CPFL seeks to ensure transparency in the use of these channels.

CPFL Energia's Ethics Channel

0800 601 8670



www.contatoseguro.com.br/cpflenergia
eticacpfl@contatoseguro.com.br



CPFL Energia App in the Apple Store and Play Store



SGBH promotes a **careful approach** with communities since the licensing phase, managing interference on public and private properties. Ongoing contact with the population allows for a relationship of trust and partnership, valuing local heritage and respecting cultures and traditions.

In order to provide information and clarify doubts about the operation of transmission lines, SGBH has social communication programs to address issues such as: electrical discharges, electromagnetic field, fences grounding, permitted and prohibited uses in the administrative right-of-way. On the awareness channels, we disseminate information on accident prevention, warn about hazards near transmission lines and fire risks.

SGBH Community Communication Channels

0800 942 0142 (toll-free)



sgbh.emergencias@stategrid.com.br



Security on borders and properties crossed by transmission lines

ASSET SAFETY

CPFL ENERGIA

CPFL manages 55 hydroelectric dams and, to ensure the safety of this infrastructure of the surrounding communities, maintains a Dam Management Center. In 2023, the Hydro 4.0 platform was launched, integrating digital solutions and technological innovations into the management center, and accelerating decision making.

SGBH

Fires are identified as one of the main risks to be mitigated, as they can endanger communities and ecosystems and critically affect transmission lines in the country. To monitor our infrastructure, we created a dashboard that integrates fire data into the GIS (Geographic Information System) platform, triggering alerts and emails to those responsible for operating the

lines in cases of fire. This way, our teams are quickly mobilized and any emergencies are promptly responded to preserving the functionality of our transmission lines. Our dashboard informs:

- Dynamic information map;
- Lines in operation under SGBH's responsibility;
- Number of fire outbreaks on the current day, information captured by satellites monitored by the National Institute for Space Research (INPE);
- Quantity and listing of lines sections under fire alert;
- Number and list of active reforestation projects under fire alert.



CPFL Energia's Dam Management Center, in Campinas - SP.

CPFL

COMMUNITY PROJECTS

WATER DESALINATION

CPFL has delivered a water desalination plant in the countryside of Rio Grande do Norte, an investment of R\$8 million. This initiative aims to tackle the challenges of drought and water scarcity in the region, offering a long-term solution for social development.

Resulting from a partnership between State Grid, CPFL Energia and the state government, the plant uses state-of-the-art technology, including grid-connected photovoltaic power generation and an intelligent supply system. **With the capacity to produce 80,000 liters of desalinated water per day, it is capable of serving approximately 3,000 people.**

The plant, located in the villages of Santa Terezinha, Amarelão and Serrote de São Bento, in the municipality of João Câmara, is operated by the state government after the infrastructure was completed and donated. The system also has a control panel for real-time monitoring of equipment, processes and parameters.



Water desalination plant built in the countryside of Rio Grande do Norte.

Biofactory - Foz do Chapecó Energia

In the Foz do Chapecó Energia region, a Biofactory has been built in the municipality of Alpestre (RS) with the aim of boosting family farming and increasing local residents' incomes. Through this initiative, farmers have access to free training in the cultivation and management of fruit and ornamental seedlings, which are distributed free of charge.

Social Tariff

To help our customers pay their energy bills, CPFL has the Social Tariff, a government benefit granted to low-income customers. The program is widely publicized on our institutional website, which presents the eligibility criteria and the benefits of the initiative. At the end of 2023, we had more than 650 thousand distributor customers included in the program.

SGBH

COMMUNITY PROJECTS

CAIS DO VALONGO

Located in the region of Pequena África, in downtown Rio de Janeiro, Cais do Valongo was unveiled during the construction of Porto Maravilha in 2011 and was recognized as a Cultural Heritage Site by UNESCO (United Nations Educational, Scientific and Cultural Organization) in 2017, as it is the only material remnant of the arrival of enslaved Africans in the Americas.

In partnership with Rio de Janeiro City Hall, Iphan (the National Historical and Artistic Heritage Institute) and IDG (the Institute for Development and Management), we have completed the work to enhance Cais do Valongo and handed over the archaeological site to the community. We were present in the historic space during the Black Awareness Day week, reiterating our commitment and actively participating in the handover. With new guardrails, signage and exhibition modules, more people can access the space and learn about its historical and cultural importance.



MALHADINHA QUILOMBOLA COMMUNITY

The Malhadinha Community and SGBH have been working together since 2015 to promote the economy and generate income. This initiative is part of the Quilombola Basic Environmental Program (PBAQ) and brings direct benefits through the operation of the Fruit Pulp Processing Unit, which provides economic development and training for the local population.

Pulps produced:
over 11.8 t

Potential community revenue:
R\$ 160,581.00

Product labels:
14,800 units

Amount invested:
R\$ 31,680.00

Technical visits:
78 hours of guidance support

CPFL

SOCIAL INVESTMENTS

In 2023, the social investment platform, the **CPFL Institute**, celebrated its 20th anniversary. The Institute is responsible for sports, culture and health actions and integrates these projects, using CPFL's own resources and those promoted by incentive laws. The **Social Investment Policy** guides the projects that are implemented and, in 2023, a number of social actions based on the guidelines were developed.

One of these actions, the **Brazil-China cultural exchange**, sought to integrate participants with activities that connect the two cultures, with film screenings, art exhibitions, concerts and lectures.

Furthermore, in **2023**, other actions are worth highlighting:

- **CPFL Young Generation:** the Program aims to develop children and adolescents through sport and culture, contributing to reducing levels of social vulnerability in communities. In 2023, **10,000 young people from 53 cities** were benefited;
- **CPFL Circuit:** develops itinerant activities **with the Cinesolar project** which consists of open-air cinema sessions, powered by solar energy. In 2023, cinema sessions impacted around **30 thousand spectators in 113 cities**;

- **CPFL Philosophical Cafe:** this line of action brings together **philosophers, psychoanalysts and historians** for meetings that include debates and reflections on issues facing contemporary society;
- **Volunteering – Semear Program:** the corporate volunteering platform has **24 teams** throughout Brazil and benefits **24 NGOs** with its actions.

R\$ 43 million

invested by CPFL Institute in 2023

CPFL Institute social investments (R\$ million)	2023	2022	2021
Direct investments	5.4	4.7	3.8
Incentivized resources	37.7	29.3	27.5
Total	43.1	34.0	31.4

CPFL and RGE in Hospitals

Carried out as part of Aneel's Energy Efficiency Program, **CPFL in Hospitals** consists of qualifying and modernizing the electrical systems of public health institutions, improving the services offered by the units. This project is outlined within the **2030 ESG Plan** and provides for an investment of **R\$ 140 million by 2025**, in energy efficiency initiatives in public hospitals. In 2023, the actions of the first phase of **CPFL in Hospitals** benefited **325 institutions** and the second phase mapped **175 hospitals** to be supported, with **127 projects having been completed**.

SGBH

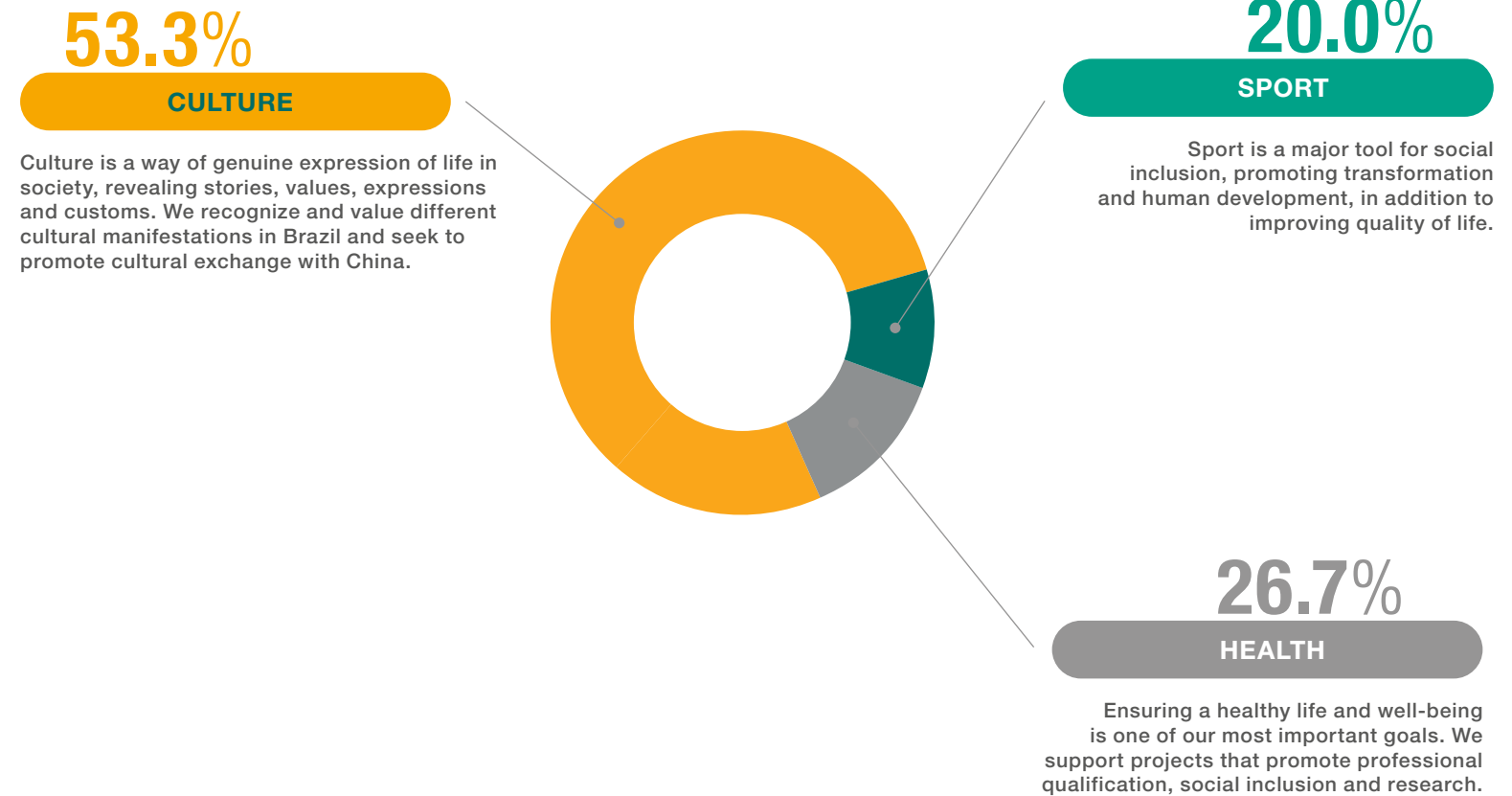
SOCIAL INVESTMENTS

Social investments reflect a commitment to local communities in generating a positive impact on people's lives. The **11 projects** supported by SGBH reflect this mission to strengthen the population, contributing to their well-being and development, as well as encouraging volunteering and promoting internal actions to engage employees.

11 projects

covering areas such as culture, sport, health, education and infrastructure.

SOCIAL INVESTMENTS BY CATEGORY



CULTURE

- **“Maré do Amanhã” Orchestra:** In 2023, “Maré do Amanhã” Orchestra was declared Intangible Cultural Heritage of Rio and performed in UK and Portugal, being a reference in music teaching.
- **Mano Down Institute:** The Institute offers activities such as: dancing, singing, instrumental musical initiation, capoeira and acting classes.
- **Rio Claro Theater:** Located at Copacabana Mall, in the city of Rio de Janeiro (RJ), the theater hosts musicals, comedy shows, children’s theater, shows, as well as special projects.



Brazil-China event with the participation of Orquestra Maré do Amanhã in celebration of China’s National Day and the Mid-Autumn Festival.

SPORT

- **“Circuito das Estações” (Seasons Circuit):** project that encourages and reinforces the importance of exercising to maintain physical and mental health. The 5, 10 and 15 km races at Aterro do Flamengo (Rio de Janeiro-RJ) were held in the four seasons of the year, with the participation of **over 200 employees** in all stages.
- **Athlon Institute:** aims to turn dreams into reality through sport, providing physical, tactical and technical preparation for **over 150 athletes**. People with disabilities (physical, visual, intellectual) between the ages of 16 and 46 are trained to reach high-performance categories in paralympic sports.



HEALTH

- **“Hospital de Amor” (Love’s Hospital):** With more than 60 years, Hospital de Amor, located in Barretos - SP, is internationally recognized for its excellence in technology and humanized care, being considered the largest center for free oncology treatment in Latin America. With over **3,500 free consultations per day and patients from all over Brazil**, the institution has been supported by SGBH since 2014.
- **“Hospital Pequeno Príncipe” (Little Prince Hospital):** With the support of SGBH since 2015, Hospital Pequeno Príncipe is the **largest pediatric hospital in Brazil**. The institution, located in Curitiba - PR, provides up to 70% of its capacity to the SUS and carries out more than 300,000 medical services, 900,000 exams, 21,000 surgeries and 250 transplants per year, for children and adolescents from all over the country.

ENVIRONMENTAL MANAGEMENT

CLIMATE CHANGES

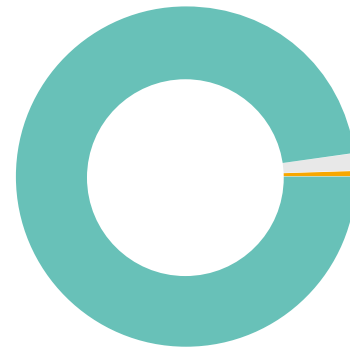
GHG emissions by scope (vs. 2022)

Scope 1: 231.13 (+81%)
 Scope 2: 218.63 (-13%)
 Scope 3: 307.77 (-2%)
 Biogenic: 4,495.44 (+21%)

691.5 thousand tCO₂e
 (-15.5%)

ENERGY

41,348,770 GJ
 -15.5% vs. 2022



- Non-renewable fuels: **40,541,131 GJ** (98%)
- Renewable fuels: **658,246 GJ** (1,60%)
- Purchased electricity: **149,393 GJ** (0,40%)

Energy consumption outside the organization:

4,932,928 GJ

WASTE

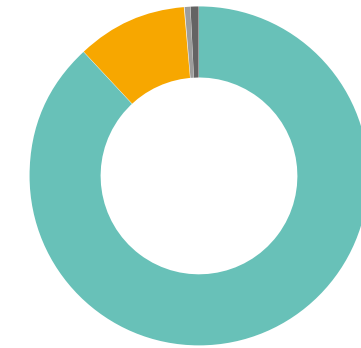
15,682 t
 13,719 t non-hazardous
 1,963 t hazardous



- Reused: **13,800** (88%)
- For landfill: **1,882** (12%)

WATER

4,595.40 megaliters
 -1.9% vs. 2022



- Produced water¹: **4,055.31** (88%)
- Underground capture: **485.07** (10%)
- Third party sourcing: **30.94** (1%)
- Surface capture: **24.08** (1%)

¹ Refers to demineralized water used in the closed cooling circuit.

ENVIRONMENTAL MANAGEMENT

CLIMATE CHANGES

GHG emissions by scope (vs. 2022)

Scope 1: 2,864 (-24%)
 Scope 2: 57,805 (-22%)
 Scope 3: 11,934 (+44%)
 Biogenic: 10,332 (-63%)

72.6 thousand tCO₂e
 (-15%)

In 2023, SGBH recorded a 15% reduction in total emissions, especially the reductions in Scopes 1 and 2, achieved by reducing the emission factor of the National Interconnected System (SIN).

ENERGY

5,509,223 GJ
 -11.5% vs. 2022



- Non-renewable fuels: **22,626 GJ** (0.41%)
- Renewable fuels: **51 GJ** (0.09%)
- Purchased electricity: **5,486,546 GJ** (99.5%)

Energy consumption outside the organization:

124,247 GJ

WASTE

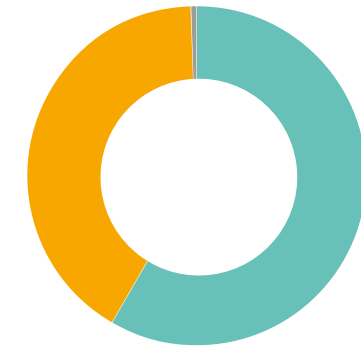
345 t
 230 t non-hazardous
 116 t hazardous



- For landfill: **237** (69%)
- Reused: **108** (31%)

WATER CONSUMPTION

30.24 million liters
 -22.6% vs. 2022



- Artesian wells: **17.73** (59%)
- Public supply: **12.51** (41%)

ENVIRONMENT AND BIODIVERSITY

Biodiversity conservation is an important issue for CPFL Energia’s business, and is most critical during the project construction phase. As part of the 2030 ESG Plan, it is planned to create a Biodiversity Policy by 2025, which will make it possible to achieve benefits and generate value for the environment and society.

In order to minimize the negative impact on fauna and flora, our **Environmental Management System (EMS)** performs detailed studies of the conditions and needs of each location, indicating the environmental programs to be developed. One example is the relationship matrix and degree of dependence of the electricity sector on ecosystem services.

In the **transmission** segment, we have carried out studies on the layout of lines and the location of assets, seeking to avoid sensitive biodiversity areas. We promote partnerships with entities with the aim of raising awareness and sustainable use of the areas.

Relationship matrix and degree of dependence of the electricity sector in relation to ecosystem services¹

	Dependency relationship	Biomass	Hydroelectric	Thermoelectric	Transmission line	Solar	Wind
Underground water		●	●	●	-	●	-
Surface water	Provides inputs for production	●	●	●	-	●	-
Firewood and fibers		●	-	-	-	-	-
Water flow maintenance	Enables the production process	●	●	●	-	-	-
Water quality		●	●	●	-	-	-
Climate regulation		●	●	●	●	●	●
Storm and flood protection	Prevents interruption of the production process	●	●	●	●	●	●
Soil stabilization and erosion control		●	●	●	●	●	●
Bioremediation	Mitigates impacts of the production process	●	●	●	-	-	-
Filtering		●	●	●	-	-	-

● Very high
 ● High
 ● Average
 ● Low
 ● Very low

¹ Source: Technical Note EPE/DEA/SMA/022/2021.

ENVIRONMENT AND BIODIVERSITY

Transmission lines have a direct interface with both urban and rural areas, with different types of land use and occupation. This variety of conditions implies a wide potential for positive and negative impacts, in physical, social or environmental aspects, which we deal with through mitigation and compensation programs and action plans. Potential negative impacts include erosion processes and vegetation suppression, for which we have defined the following measures:

- **Erosion Processes:** we have implemented the Erosion Process Monitoring and Degraded Area Recovery Program, which promotes periodic monitoring and the implementation of measures to correct, prevent and contain erosion processes.
- **Vegetation Suppression:** guided by the Vegetation Suppression Program, suppression is carried out after mapping, evaluation and obtaining the necessary permits.

With the purpose of compensating for the vegetation suppression impact, we implemented **Forest Replacement Projects**, restoring deforested areas with a significant diversity of native species, prioritizing areas in Conservation Units. Throughout the year, **515.19 hectares** were maintained and monitored in the biomes: Amazon, Cerrado and Atlantic Forest, through 12 projects. The projects are managed by the **SGBH Environmental Division** and depend on approvals and supervision from federal, state or municipal environmental bodies.

The **Environmental Compensation Program** was created to establish legal procedures that support this compensation in the project region, with more than **R\$ 15,25 million** being allocated to the eight projects maintained by SGBH in 2023.



JUNTOS PELO ARAGUAIA (TOGETHER FOR ARAGUAIA)

SGBH supports the “Juntos pelo Araguaia” Program, which aims to promote the recovery of degraded areas and reforestation in the Cerrado. The JPA contributes to improving river quality, replenishing water sources, preserving the environment and regenerating fragile ecosystems. Furthermore, it provides environmental services such as carbon capture, and promotes cultural change, which results in sustainable land occupation practices.

8. Innovation

Related Capitals



Related SDGs



INVESTMENTS IN R&D



R\$ 66.1 million

In 2023, the **CPFL Inova Program** obtained promising results in ten proofs of concept, which are being evaluated for expansion of scope or implementation in our businesses after interactions with more than 40 startups. In ANEEL's R&D Program, we invest resources in projects that promote innovation in the electricity sector.

Highlights include the five projects carried out in 2023: the **Electric Mobility Services Platform**; the **Second Life of electric vehicle batteries**; the **Green Hydrogen Project**; the development of a new concept in **charging stations** and the **Microgrid** project, developed in partnership with Unicamp.



STATE GRID
BRAZIL HOLDING S.A.
国家电网巴西控股公司

R\$ 13.85 million

SGBH's activities cover **Research and Development (R&D)** initiatives in accordance with the guidelines of the ANEEL Program for companies in the electricity sector. We seek projects aligned with operational efficiency, ensuring affordable tariffs and expanding the supply of reliable electricity, promoting sustainable development.

INVESTMENTS IN R&D (R\$ THOUSAND)

ANEEL category	CPFL			SGBH
	Generators and transmitters	Distributors	Total	Total
Alternative sources of power generation	0	-	-	-
Thermal power generation	-1	-	-1	-
Basin and reservoir management	2,553	-	2,553	-
Environment	3,225	-	3,225	1,735
Safety	1,270	7,221	8,491	-
Electrical energy systems planning	857	9,927	10,784	5,019
Operation of electrical energy systems	1,098	5,219	6,317	4,538
Supervision, control and protection of electrical energy systems	5,991	3,792	9,783	1,995
Quality and reliability of electricity services	1,351	5,106	6,457	-
Metering, billing and fighting commercial losses	-	1,407	1,407	-
Other	431	13,759	14,190	-
Management programs (activities related to the R&D program)	760	2,128	288	564
Total	17,535	48,559	63,494	13,851

TECHNOLOGY AND INNOVATION

Our **2024-2028 Strategic Planning**, aligned with the **2030 ESG Plan**, includes the incorporation of new technologies, digitalization of processes and solutions, as we understand that innovation is capable of leveraging our business. We have therefore identified and used as a basis for action 11 trends capable of having a significant impact on the electricity sector in terms of new investments, partnerships and business opportunities:

- Market liberalization;
- Increase in generation capacity from renewable sources;
- Increase in distributed generation;
- Increase in demand for energy;
- Greater concern about environmental and social impacts;
- Increase in initiatives to explore the digitalization of structures;
- Greater exploration of analytics technologies for operations;
- Greater exploration of automation technologies in the field and processes;
- Increase in demand for better energy management by industry;
- Change in skills needed for the sector;
- Electric mobility expansion.

To increase our efficiency and, at the same time, stimulate intraentrepreneurship and innovation, we have internal programs, under the governance of the **Innovation Committee, with executive members from CPFL Energia and representatives from SGCC.**

This committee deliberates quarterly on new innovation projects and ongoing initiatives, such as:

- **Innovation Week:** A moment of engagement, with reflections on the role of innovation in the search for new everyday solutions;
- **INLAB:** In 2023, the challenge was to improve process efficiency through automation systems and **169 employees** took part in this edition, submitting **157 ideas**, three of which were chosen for prototype development;
- **Innovation Trail:** Training in entrepreneurship and R&D, provided by **CPFL University.**

Project execution is driven by the Innovation department, which works in partnership with the various administrative and operational areas with the aim of strengthening the innovation culture and training our professionals in new work methodologies. We also have the Project Factory, a hub dedicated to monitoring each innovation initiative developed.



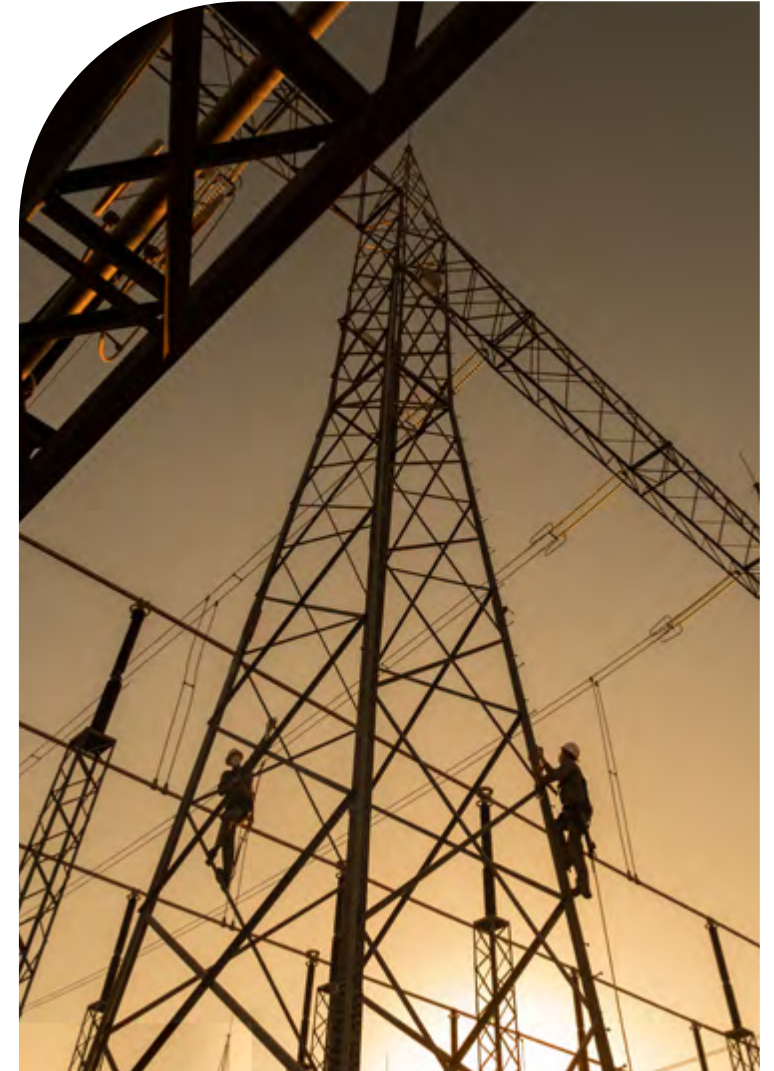
TECHNOLOGY AND INNOVATION

The synergy between our team's technical knowledge and technological advances coming from State Grid Corporation of China creates opportunities to adapt solutions, boosting operational efficiency and accelerating the modernization of the National Interconnected System (NIS). In 2023, we highlight some actions:

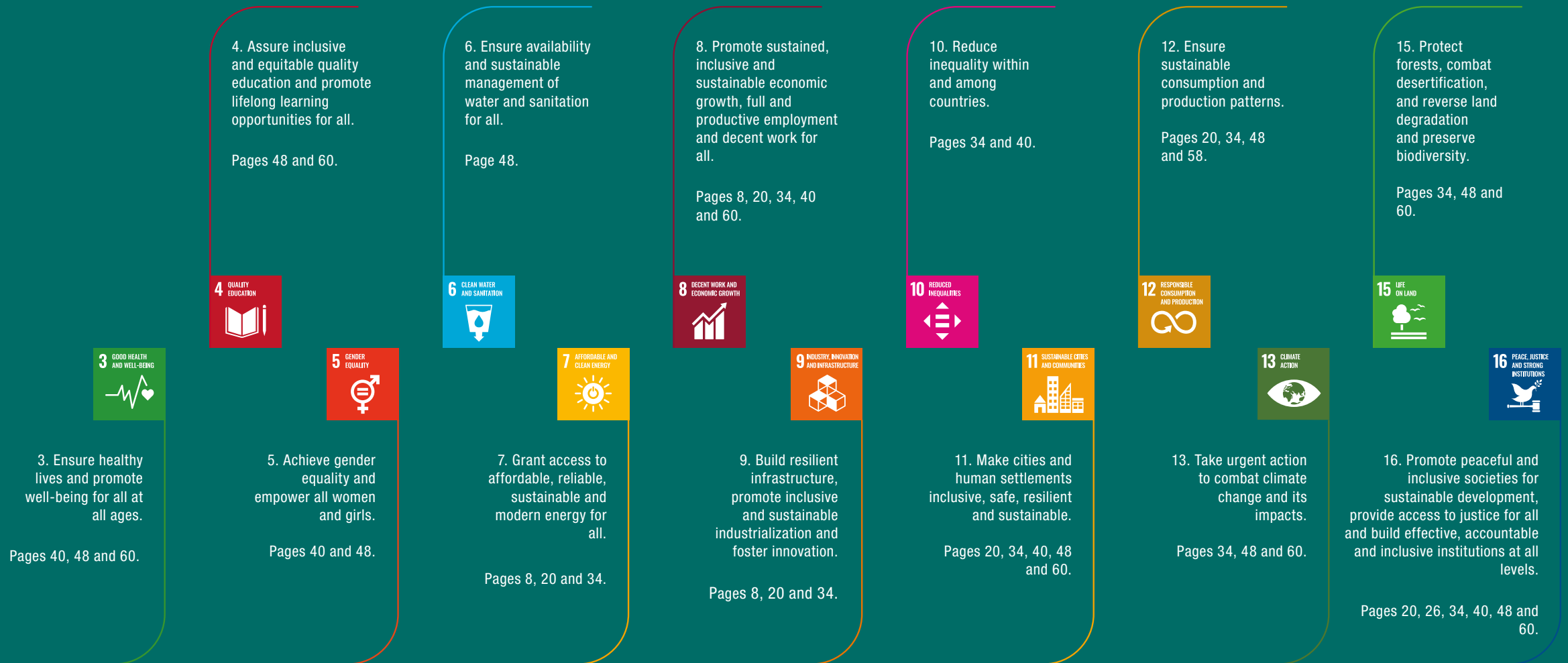
- **Maintenance Drones:** we modernized **around 25% of our drone fleet**. The new models have an extended autonomy in stationary flight, accounting for **50% gain** in battery operating time. These updates not only increase the efficiency of inspections, but also improve the quality of the information collected.
- **Dry Reactor:** the dry reactor technology provides significant environmental benefits by eliminating the use of mineral oil as an insulating and cooling medium and all associated infrastructure of fire walls, water-oil separator box, and residual oil treatment. The implementation of the technology in 500 kV lines in 2023 was the first in the world and eliminated the use of **around 179,000 liters of mineral oil**.

- **Live Line Maintenance:** focusing on the replacement of insulators in the 800kV direct current voltage class, **over 40 insulators were replaced on energized lines in 2023**, with 15 employees directly mobilized, including engineers, electricians and security technicians, in addition to partners from other SGBH teams.

Furthermore, in partnership with Thymos and Power China, we supported the development and application of the **first reference manual for reversible battery hydroelectric power plant projects**. In partnership with Gesel and EPPEI Brasil, we developed a project to apply the battery energy storage system to the transmission system.



SDG MAP



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