

Management Report

Dear Shareholders,

In compliance with the law and the Bylaws of CPFL Energia S.A. ("CPFL Energia" or "Company"), the Management of the Company hereby submits to you the Management Report and financial statements of the Company, along with the reports of the independent auditor and Fiscal Council for the fiscal year ended December 31, 2023. All comparisons herein are made with consolidated figures for fiscal year 2022, except when specified otherwise.

1. Opening remarks

The year 2023 was marked by the El Niño phenomenon, characterized by the abnormal warming of the Pacific Ocean, which could cause torrential rains in Southern Brazil and severe drought in the North and Northeast regions, which would favor winds in the region. We also observed periods of intense heat all over Brazil, resulting in a significant increase in consumption demand from the residential and commercial segments, which contributed to the healthy results of the Distribution segment.

On the other hand, this climate scenario imposed more challenges on the Generation segment, since power plants needed to be dispatched to meet the increased demand while the wind and solar power plants in the Northeast region had to be disconnected from the grid, showing the formidable difficulties being faced by the National Electric System Operator (ONS) in operating the system.

The CPFL Energia group continued to actively pursue sustainable growth in its segments, investing R\$5.1 billion in the year to further improve the performance of its distribution assets by extending the networks and deploying new technologies in order to continue offering top quality services to its clients. It also made investments in plant maintenance and retrofitting projects at the transmission networks to achieve excellence in operational management.

With regard to investments, another important fact was the operational startup of transmission projects Sul I, Sul II and Cachoeirinha 3, comprising new substations and about 382 km of transmission lines, located in the state of Rio Grande do Sul, with RAP of R\$ 87 million for the 2022-2023 cycle.

Still in the transmission segment, it is worth highlighting the excellent results obtained from the acquisition of CPFL Transmissão. After swapping the debt in U.S. dollar and revising the contracts, we identified new opportunities for investments in maintenance and retrofitting projects, which are currently pending approval by the regulatory authority, and represent potential future revenues that surpass our initial expectations.

Our expansion also reached other businesses of the CPFL Group, such as the Trading and Services segment, in which we launched our e-commerce business, whereby CPFL Soluções now has a digital platform for clients to directly acquire the four key products on offer: short-term energy contracts, purchase of carbon credits, purchase of I-REC certificates and migration to the free market.

We also advanced with Alesta, the group's fintech arm, which now offers credit to clients in the concession areas of all our distributors: CPFL Paulista, CPFL Piratininga, RGE and CPFL Santa Cruz.

The outlook for the coming years remains highly positive. In late 2023, the Board of Directors of CPFL Energia approved the Group's new 2024-2028 Investment Plan, which entails the

allocation of R\$28.4 billion to existing businesses, notably R\$23.4 billion to the distribution segment and R\$3.5 billion to the transmission segment.

On the ESG front, the Company's stock remained in the portfolio of B3's Corporate Sustainability Index (ISE). Also, the ESG 2030 Plan started to be executed in 2023. This platform, approved by the Board of Directors and disclosed to all stakeholders in 2022, gathers the guidelines and strategies for CPFL to provide sustainable, accessible and reliable energy at all times, making people's lives safer, healthier and prosperous in the regions where we operate.

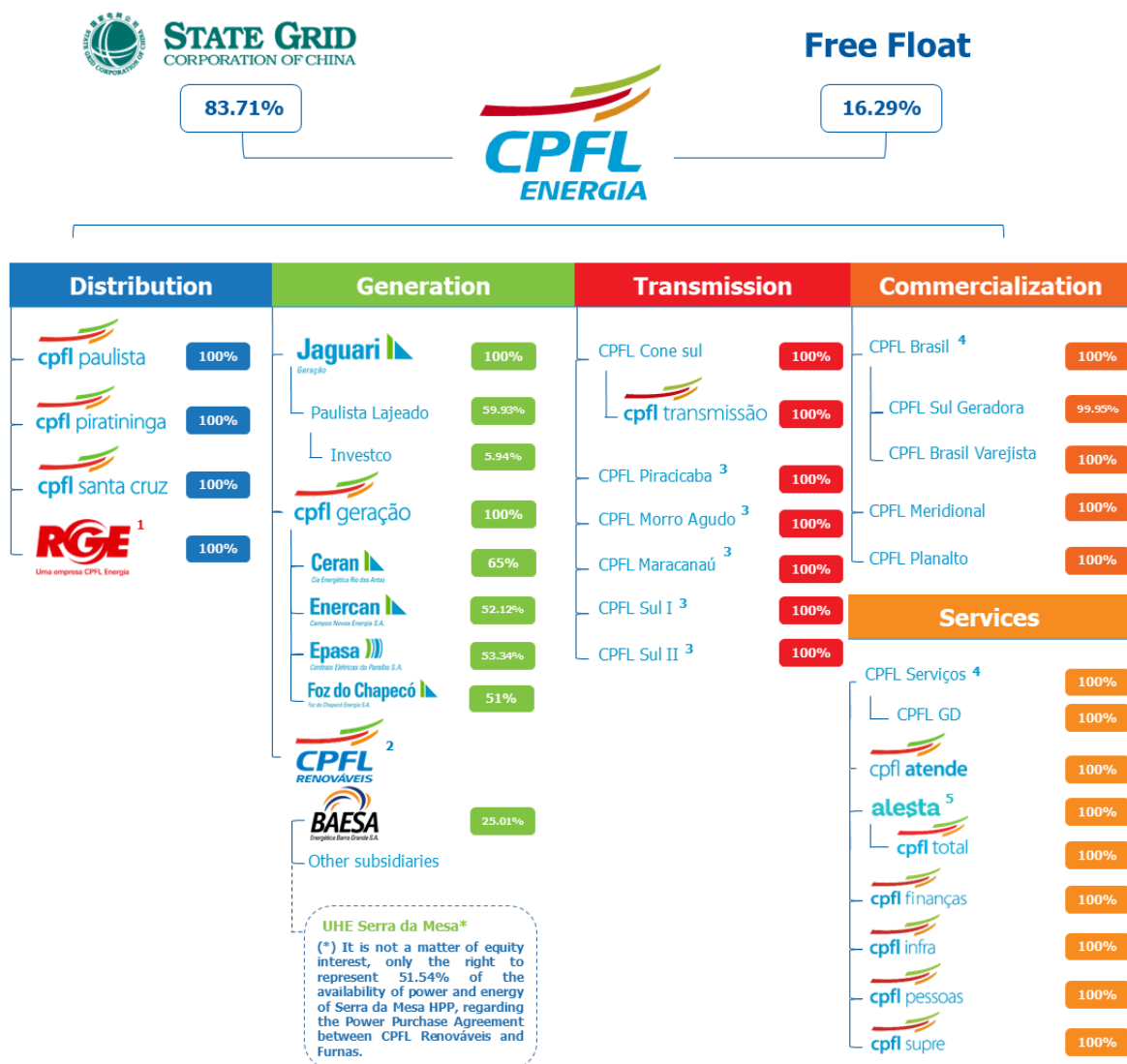
With 23 commitments organized around four pillars, the ESG 2030 Plan, annually updated in an integrated manner with the company's Strategic Planning, continues the strategic management efforts launched in 2019, when the first sustainability plan was structured, and whose targets and commitments have already been met. With a broader scope and a long-term perspective, the ESG 2030 Plan drives businesses to expand their contribution to the UN 2030 Agenda and Sustainable Development Goals (SDG). Highlights of the plan include commitments such as generation 100% renewable energy, achieving carbon neutrality as of 2025, reduction of total emissions by 56% by 2030 and achieving at least 85% of our spending with partners who present advanced practices in sustainability.

Financial discipline, which has always been a hallmark of CPFL Energia, once again guides our capital allocation decisions. In relation to the 2022 results, we paid dividends of R\$3.3 billion to shareholders in the period between December 2022 and December 2023.

Lastly, the management of CPFL Energia reaffirms its commitment and confidence to the shareholders, clients, partners, society and other stakeholders, and thanks all the CPFL Group employees for the results achieved. For 2024, we remain optimistic about the advances in Brazil's electricity sector and are confident about our business platform while being prepared to face the emerging challenges and opportunities in the country.

Shareholders' Structure (simplified)

CPFL Energia is a holding company that owns stake in other companies:



Reference date: 12/31/2023

Notes:

- (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 e 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%).

2. Comments on the macroeconomic and regulatory scenario

Macroeconomic scenario

The year 2023 began with signs of slow growth and increased inflation. Expectations according to the Focus Survey were between 0.8% and 5.3% respectively. It was expected that the end of tax holiday would affect administered prices, especially of fuels, maintaining inflation high despite the negative effects of interest rate hike on economic activity. However, there were mild surprises on both fronts: economic growth was stronger and inflation was lower.

Among the factors that contributed to better than expected performance were the normalization of production chains and the decrease in commodity prices, due to deflation in Brazil and abroad.

The record domestic harvest – much higher than initial expectations – contributed directly (with nearly 1.2 p.p.) and indirectly to stronger GDP (through the multiplier effects of income generated in the sector).

The bumper agricultural supply also helped reduce domestic prices, especially food prices; in fact, 2023 registered deflation of the Food at Home group in IPCA. As such, despite the resumption of taxes on fuels and higher inflation of administered prices in the year (9.2%), inflation ended the year at 4.62%, within the target range, whose ceiling is 4.75%.

The year 2023 also witnessed discussions about the inflation target and autonomy of the Central Bank of Brazil, which led to the unanchoring of inflation expectations in longer terms, especially during the first half of the year. When it became clear that the autonomy of the Central Bank of Brazil and inflation target of 3% would be maintained – now changed to a continuous target – these expectations were partially reanchored to around 3.5%, slightly above the center of the inflation target.

One of the reasons for the partial reanchoring of the inflation expectations is the fiscal issue. The year saw significant advances in this aspect, such as the approval of the new Tax Framework and measures to boost revenues in 2024. But there is still much uncertainty about compliance with/changes to these targets, which should continue to be a point of concern during 2024.

While expectations related to inflation remained under pressure and the international and domestic environment were not clear, the Central Bank of Brazil kept the interest rate unchanged. Selic started to be reduced only when the deflation process became clearer and signs of core decompression appeared, but the impacts of the moderation of monetary restrictions are expected to be fully observed only in 2024, given the usual lags.

The stronger GDP in 2023 also included the expansion of household incomes benefited by a strong labor market, with increase in both jobs and real average income of employees, as well as increased government transfers through the family allowance (Bolsa Família) program. Income growth was important to ensure the healthy performance of the retail segment that most depends on it; on the other hand, the retail segment that is more related to credit faced greater difficulties due to increased defaults, very high interest rates and record household debts. Default decreased in the second half of the year, fueled by the *Desenrola* program, but the recovery of this market is still incipient and should become stronger during 2024, reflecting the reduction of Selic. In the retail segment that depends more on credit, the positive highlight was automobile sales driven by specific government programs.

However, the year was difficult for industry. Although mineral extraction has been doing well, the manufacturing industry reflected both lower demand and the difficulties faced by companies to obtain credit. In addition to an increased Selic rate, the episode involving the accounting reclassifications at the Americanas retail chain at the start of the year forced banks and capital markets to exercise greater caution. The situation only started to improve in the second half of the year, with the monetary easing and the perception that the accounting episode was restricted to Americanas. This improvement should last in 2024.

The Brazilian real remained under pressure in the first half of the year, while doubts swirled about the fiscal issue and the autonomy of the Central Bank of Brazil, but improved slightly these questions were addressed. The foreign exchange oscillations also reflected the market's mood in relation to the international economy; 2023 was a year of interest rate hikes in leading global economies and expectations that the rates would remain on a downward trend for a long time prevailed throughout most of the second half of the year. However, in December these expectations partially lost ground when the markets started to bet on sharper interest rate cuts

during 2024, which contributed to the depreciation of the U.S. dollar against other currencies, including the Brazilian real.

Another significant fact at the end of the year deserves mention: the announcement of tax reforms. The pillars of the reforms are the implementation of a broad and non-cumulative tax base system; standardized legislation; heavy simplification of the system; and also a limited number of exceptions, even though more than desirable. As a result, the new system should be less complex than the current one and with less incentive to litigation, causing a reduction in allocative distortions and increasing the productivity of the Brazilian economy. In the wake of the reforms approved in 2023, Brazil's debt risk rating was upgraded by S&P, which helped consolidate the appreciation of the real in the final days of the year.

Regulatory Environment

The key changes in sector regulations in the distribution segment in 2023 are outlined below:

1) Regulation of PIX as a payment method for electricity bills

Result of Public Consultation ("CP") 042/2022, ANEEL Normative Resolution ("REN") 1,057, of January 24, 2023, defined that, in up to 120 days from its publication, distributors are obliged to provide PIX as a method for paying electricity bills, whenever consumers request this option. Distributors can also make the QR Code available for PIX payment, irrespective of the consumer request, which, in fact, was already in practice at various energy concessionaires and licensees. However, since many distributors did not offer that option or offered it with restrictions, the Brazilian Electricity Regulatory Agency ("ANEEL") decided to regulate the issue to ensure equal treatment for all consumers in Brazil, irrespective of the management model adopted by their energy distributor.

2) Regulation of economic aspects of Law 14,300/2022 (Legal Framework of Distributed Micro- and Mini-Generation)

Result of CP 050/2022, ANEEL REN 1,060, published on February 7, 2023, approved the changes in Modules 5 (Sector Charges) and 7 (Tariff Structure) of the Tariff Regulation Procedures ("PRORET") to adapt them to Law 14,300/2022, which changed how the public policy apportionment of costs is made and defines new obligations for distributors.

Among the main changes are: the creation of the Energy Development Account – Distributed Generation (CDE-GD) quota and its inclusion in the annual budget of the CDE; changes in the tariff structure; and the systematic submission of new information by distributors to give transparency to costs that distributed generation represents in the distribution system.

The changes were implemented in 2023, in both the CDE budget and in the distributors' tariff processes. For the coming years, the tariff benefits borne by the CDE (for new and existing consumers of distributors with less than 700 GWh) will be calculated based on the amounts effectively transferred monthly, as established in the ratification resolutions of the tariff processes of each distributor, adjusted by the IPCA and, in the case of tariff benefits for new consumers, adjusted by the projected installed capacity of the GD.

3) Regulation of the technical aspects of Law 14,300/2022 (Legal Framework of MMGD)

Result of CP 051/2022, ANEEL REN 1,059, published on February 7, 2023, regulated the legal framework for Distributed Micro- and Mini- Generation ("MMGD"), improving the rules for connection and billing, and for the Electricity Compensation System, amending RENs 920, of February 23, 2021, 956, of December 7, 2021, 1,000 of December 7, 2021, 1,009, of March 22, 2022, and establishing other measures. The main aspects regulated were: **Measurement Systems:** For these units of Group A, as of January 1, 2024, measurement systems should have additional functionalities to measure the voltage levels and continuity indicators, as established in Module 5 of the Distribution Procedures ("PRODIST");

- **Guarantee of faithful compliance:** Article 4 of Law 14,300/2022 created the obligation that those interested in the connection of mini-generation stations starting from 500kW of installed capacity (2.5% of the investment amount, from 500 to 1,000 kW, and 5% above 1,000 kW) must submit the guarantee of faithful compliance (GFC). According to the new regulation, consumers can opt, exclusively, for one of the following modalities: cash deposit, book-entry public debt securities registered with the centralized settlement and custody system authorized by the Central Bank of Brazil, or bank guarantee issued by a bank or financial institution duly authorized to operate in the country by the Central

Bank of Brazil, in which case, the distributor should list at least four banks or financial institutions to be chosen by the mini-generator.

- **Prohibition of division of the Power Generation Plant:** It was included in the regulation an express criterion included in Law 14,300/2022, prohibiting the division of the power generation plant into smaller units in order to be classified under the installed capacity limits of the distributed micro- or mini-generation. The new regulation assigns the distributor the responsibility for identifying cases of division of power generation plant that do not comply with ANEEL provisions and the Law. The prohibition does not change the rights and obligations applicable to the consumer unit with distributed micro- or mini-generation, nor does it apply to the floating power generation plant with photovoltaic source installed on the surface of the nappe of water reservoirs, dams and lakes, natural or artificial, provided each power generation plant resulting from the division meets the criteria established;
- **Distributor's pending issue – Construction deadline:** The Agency decided that the classification of the agent as GD type I is possible when the connection is made no later than the deadline established in article 26 of Law 14,300/2022 or the deadline established in the connection budget, always considering the furthest of the two. Law 14,300/2022 established the following deadlines: 120 days for distributed micro-generators, irrespective of the source; 12 months for mini solar generators or 30 months for mini-generators of other sources;
- **Collection for power injection – Type of collection:** Article 18 of Law 14,300/2022 established guidelines for billing the cost of transportation of distributed micro- and mini-generators. It was established that for units served by Group B the due will be payable only after installation of the meter to calculate the demand from generation, at the discretion of the distributor. For units of Group A, whose meter already includes the calculation of generation demand, the billing for injection starts in these units after the deadline for implementation of the regulation;
- **Opting for Group B:** Law 14,300 established that the consumer units with local generation, whose total nominal output of transformers is equal to or lesser than one and a half times the limit permitted for connecting group B consumers, may opt for billing identical to the low voltage units connected, according to ANEEL regulation. Therefore, it was determined that, for the option for billing in Group B to become effective, it is necessary that the sum of the output of transformers does not exceed 112.5 KVA; that the generation be installed in the consumer unit and that sending or receiving excess power to different consumer units is not allowed.

4) Prudential Market Monitoring

Result of CP 015/2022, ANEEL REN 1,072 of August 29, 2023, regulated the Prudential Monitoring of the agents within the scope of the Electric Energy Trading Chamber ("CCEE") during the shadow period and amended REN 957 of December 7, 2021.

The improvement were made to ensure greater safety in the operations to identify the leverage of sector agents at levels above the endurable risk levels. According to the decision, a test, called the shadow period, will be carried out, involving the monitoring of the market and the Algebraic Manual of the Prudential Monitoring produced by CCEE. The shadow period, which will initially last 12 months, aims to test the parameters, methodology and limit of leverage of the agents, an essential part of market monitoring.

5) Five-year Strategic Innovation Plan (PEQuI)

Result of CP 012/2023, the objective of the strategic plan approved by ANEEL is to increase in innovation across the electricity sector by 2028 and determine its priorities. Besides the strategic topics for investment, PEQuI 2024-2028 brought monitoring indicators of the companies' portfolios with related targets and weights, thus influencing the innovation projects to be proposed by energy distributors over the coming years.

Seven strategic topics were defined, which should guide the portfolios of the agents' projects, with new investment opportunities, which are: 1) modernization and fair tariffs; 2) electrification of the economy and energy efficiency; 3) innovations for transmission and distribution and new supporting technologies (artificial intelligence, virtual and augmented reality and blockchain); 4) digitization, standards, interoperability and cybersecurity; 5) low-carbon electricity; 6) energy storage; and 7) hydrogen.

6) Improvement of minimum requirements for connection to transmission and distribution installations

Result of CP 054/2022, ANEEL REN 1,076, of October 3, 2023, amended Attachment III of Normative Resolution 956, of December 7, 2021, which establishes the Procedures for Electricity Distribution in the National Electricity System (PRODIST) – Module 3 – Connection to the Electricity Distribution System, with regard to the technical requirements for connection to the distribution system of consumer units with distributed micro- and mini-generation and power generation plants.

With the amendments, some of the requirements become valid for connection of power generation plants in installations under the responsibility of the distributor at any voltage level, which also resulted in amendments to Module 3 of the Distribution Procedures. Therefore, the rules are now more comprehensive, in line with international standards, and the text is adjusted for better clarity and understanding by the agents.

7) Improvement in ANEEL Regulatory Agenda 2024-2025

For approval of ANEEL regulatory agenda, this year improvements in the direction were approved, which is now focused on Energy Transition and is based on the ESG (environment, social and governance) concept. According to ANEEL, the idea is to advance discussions on the impacts of climate change and implement technological innovations in the sector.

The agenda includes 30 regulatory activities that were divided into four thematic axes to facilitate the executive board's discussions with specialists from the Agency in preparing the standards. The activities for the 2024-2025 cycle were classified in Generation & Market (G&M), Transmission & Distribution (T&D), Tariff and Financial Regulation (RT&RF) and Energy Efficiency & Consumer (EE&C).

8) Electric Energy Trading Rules for 2024

Result of CP 037/2023, ANEEL REN 1,080, of December 5, 2023, amended Appendix III of REN 956, of December 7, 2021, which establishes the Electric Energy Trading Rules applicable to the Accounting and Settlement System (SCL).

In this edition, new and existing energy auction agreements were included, with supply starting in 2024, 2025 and 2026, among other improvements. Other amendments to the current Rules were:

- Adapting the Rules to the definitions of types of orders present in the Network Procedures of the National Electricity System Operator ("ONS");
- Limiting the registration of agreements for sellers classified as Type 2, which will have their contracts limited to 30 average megawatts (MW);
- The reformulation of the allocation of energy from the Free Contracting Environment ("ACL") to the Regulated Contracting Environment ("ACR"), which will start following a

concept similar to the assignment of reserve energy, in which the additional allocation occurs only when it is effectively necessary to avoid a reimbursement. The declaration of the mechanism will be made before the start of the contractual year. The mechanism will be effective starting from 2024, with the declaration of participation still in 2023;

- The reformulation of the process to define Proinfa energy quotas, which becomes automated based on monthly load information provided by the agents.

9) Review of Electricity Sale Revenue of Angra 1 and 2 power plants

Result of CP 038/2023, ANEEL Ratification Resolution ("REH") 3,299, of December 12, 2023, established the Fixed Revenue and the Tariff related to the generation of electricity by the Angra 1 and 2 Nuclear Power Generation Plants for 2024.

The periodic review comprises the redefinition of electricity sale revenue of Angra 1 and 2 Power Generation Plants, referring to fixed revenue, such that it is capable of covering efficient operating costs and generating adequate returns on invested capital.

Electricity Sale Revenue of Nuclear Thermoelectric Plants ("UTNs") for 2024 is approximately R\$4.7 billion, representing a variation of 2.45% in relation to the current revenue. Among the items that contributed to the increase in Fixed Revenue in relation to the current amount are the cost of fuel (including the value of the adjustment portion) and the regulatory operating cost.

According to Law 12,111, of December 9, 2009, the payment related to the generation of energy of Angra 1 and Angra 2 UTNs should be apportioned among all public distribution service concessionaires, licensees or authorized entities in the National Interconnected System ("SIN"), with its revenue resulting from tariffs calculated and approved annually by ANEEL.

10) Improvement of retail trading from making the requirements for migration to ACL more flexible

Result of CP 028/2023, ANEEL REN 1,081, of December 12, 2023, improved the current framework (RENs 956 of December 7, 2021, 957 of December 7, 2021, 1,000 of December 7, 2021 and 1,011 of March 29, 2022) to adapt it to the more flexible requirements for migration to ACL, determined by the Concession Authority.

To uphold market security, the standard determines that consumers with less than 500 kW load be represented at the CCEE by a retail trader, as per the terms established by Normative Ordinance 50/2022 of the Ministry of Mines and Energy ("MME"). The retailer agent will be the intermediary of the relations between CCEE and the consumers being represented, which includes the exchange of information and control of contracts. For consumers with individual load above 500 kW, being represented by a retail trader is optional.

The standard approved by ANEEL also establishes that CCEE will centralize the information related to migrations of consumers represented by retail traders. The Chamber should structure the Retail Management System that will deal with the registration data management and the flow of CCEE centralized processes, among others. In general terms, the system will enable the exchange of information, with the control of regulatory terms, ensuring that information is accessible and can be the same used by distributors, retailers and CCEE in their billings and accounting records.

ANEEL's Board also determined that CCEE presents within 60 days a proposal for amending the trading rules and procedures, to be debated in a second phase of the Public Consultation.

11) Creation of experimental regulatory environment for temporary tariff sandboxes

The Agency analyzed the projects submitted to the 1st Public Call within the scope of the Research and Development (R&D) program managed by ANEEL to define the necessary regulatory

withdrawals that will enable testing the tariffs. Authorizing Resolutions were published for each distributor to approve the regulatory withdrawals requested, in accordance with ANEEL REN 966/2021.

Sandbox is an experimental regulatory environment that enables companies to develop innovative business models to test experimental techniques and technologies, with defined conditions, criteria and limits.

12) Review of rural consumers' registration data

Result of CP 042/2023, ANEEL REN 1,082, of December 12, 2023, amended articles 207 and 665 of REN 1,000 of December 7, 2021, which deal with the registration data of consumer units that receive tariff benefits, postponing the deadlines for registration data review of rural class consumer units.

These consumers receive tariff benefits aimed at activities that involve irrigation and aquaculture. The decision amends articles 207 and 665 of REN 1,000, which defines the rights and duties of electricity consumers.

Article 665 of REN 1,000 established the registration data review procedure of rural consumer units, including irrigation and aquaculture, as well as water, sewage and sanitation activities since 2021. After the first cycle, from 2021 to 2023, the registration data review for maintenance of the tariff benefit starts to occur periodically every three years. The first period of registration data review would end in December 2023.

The improvements to the standard are:

- enable the use of self-declaration by the consumer responsible for Group B consumer unit in the second cycle of the registration data review, from 2024 to 2026;
- allow the presentation of self-declaration by the consumer responsible for Group B consumer unit that lost the tariff benefit in the first and second registration data review cycles, without being entitled to a new billing for the period in which they lost the benefit;
- publish again the self-declaration template available in ANEEL REN 901/2020.

ANEEL reiterated that registration data review should be maintained every 3 years to verify whether the discounts received are appropriate as well as the continuity and regularity of the activity developed.

13) Import of electricity from Venezuela classified in the subrogation of CCC benefits

According to its prerogative of technical analysis related to the regulation of electricity tariffs, ANEEL decided to classify the import of electricity from Venezuela in the subrogation of the apportionment benefits of the Fuel Consumption Account ("CCC"). The measure was taken to comply with the decision of the Electricity Sector Monitoring Committee ("CMSE") in its 284th meeting held in October, which formally approved the resumption of electricity imports to serve the isolated system of Roraima, interrupted in 2019. Roraima is the only state in Brazil not connected to SIN.

CMSE was responsible for the decision to resume the electricity imports from Venezuela, as well as the choice of the trade agent, the price of electricity and the amount to be contracted. The import was authorized by the committee for the period from November 2023 to January 2024.

The key changes in sector regulations in the **transmission segment** in 2023 are outlined below:

14) Treatment of generation grants and the Transmission System Use Agreements (CUST) entered into by power generation plants.

In a scenario of increased interest in accessing the Power Generation Plants to the Transmission System, plus the increased number of grants issued by ANEEL indicating delay in the commercial startup, ANEEL understood that an exceptional regulatory intervention was necessary due to the impact of the sector related to the rescission of the Transmission System Use Agreements (CUST).

Through Normative Resolution 1,065/2023, ANEEL established the requirements and procedures for the exceptional treatment of generation grants and Transmission System Use Agreements (CUST) entered into by power generation plants. The mechanism was established in two types:

I – amnesty: for revocation of the generation grant and rescission of the respective CUSTs entered into; or

II – regularization: for postponement of the implementation deadline established in the generation grant. Establish the requirements and procedures for the exceptional treatment of generation grants and Transmission System Use Agreements (CUST) entered into by power generation plants.

In addition, ANEEL issued Normative Resolution 1,069/2023 determining that ONS starts to require the presentation of a financial guarantee to request new accesses, with coverage of an equivalent amount, at least, to the EUST values referring to the 3 years subsequent to the rescission date and the start of fulfillment of CUST. With this, new accesses granted after the publication of Normative Resolution 1,069/2023 now count with financial guarantees also for the hypotheses of rescission, which were not previously provided for in the sector regulations.

On November 24, 2023, Order 4,531 was published, which provides for the exceptional mechanism for the treatment of guarantees of CUST, in the amnesty and regularization types. In this Order, ANEEL approved the regularization of 29 power generation plants with postponement of the implementation deadline, when it denied the requests for adhesion to the amnesty mechanism (15 units) and to the regularization mechanism (13 units).

15) Postponement of RAP Periodical Review of extended transmission companies

On March 3, 2023, ANEEL published Order 402/2023 accepting the request made by the Brazilian Association of Large Electricity Transmission Companies (ABRATE) to postpone the total scope of the 2023 Periodical Tariff Review (RTP) of the Permitted Annual Revenue (RAP) of transmission concessionaires extended pursuant to Law 12,783/2013.

ANEEL Public Consultation 031/2023 was conducted to establish the calculation procedures and methodologies adopted in the postponed process of Tariff Review of Transmission Companies, with the deadline for contributions ending on October 16, 2023. At the end of 2023, there was no decision by ANEEL on the inputs received.

The key changes in sector regulations in the **generation segment** in 2023 are outlined below:

1) Definition of rules for constrained-off photovoltaic solar plants.

The 33rd Meeting of ANEEL Board (Sep. 12) approved Normative Resolution 1,073/2023, which brings regulatory treatment to the procedures and criteria for determining operational restrictions due to constrained-off of the photovoltaic solar source. The regulation included

amendments to Normative Resolution 1,030/2022, which already granted this treatment for the Wind Farms.

Constrained-off is characterized by a request for the partial or full reduction of generation, based on a request by the ONS, due to operational limitations in the transmission networks or other operating requirements of the network.

Before the publication of Normative Resolution 1,073/2023, the topic was addressed by ANEEL on a temporary basis through Order 1,407/2022, exclusively for photovoltaic power plants in ACR.

These plants will be entitled to reimbursement, priced by the PLD, due to the curtailment imposed by external reasons to their equipment only after deductible hours. For 2023, the deductible was defined as 30 hours and 30 minutes a year for these restrictions, per photovoltaic power plant. The amount is adjusted every year and for 2024 there has been no alteration.

The rule defined for solar source is very similar to that established for wind source.

2) Change in the rules to request concession of and access to solar, wind, thermal power projects and small hydroelectric power plants

On August 28, 2023, ANEEL approved several changes to the rules applicable to obtaining the concession for exploring alternative source power plants, through Normative Resolutions 1,070/2023 and 1,071/2023, as well as for accessing the transmission system, through Normative Resolution 1,069/2023.⁰ With the changes implemented, the sector now analyzes more carefully these procedures, especially due to the creation of new financial commitments (guarantees) to access the network, which was earlier made without the need for investing in these commitments.

Initially, note that the Access Information, which previously was necessary in the access process, was removed from the procedure. Therefore, the agent interested in accessing the transmission system should require the Opinion on Access directly.

As mentioned, among the changes is the obligation to present a financial guarantee at the time of requesting the opinion on access, in an amount equivalent to three times the annual charge of use of the transmission system (EUST) of the power generation plant. The guarantee should remain valid for 90 days, the same validity term of the opinion on access.

The change aims to avoid the request and issue of opinions on accessing projects that clearly will not come to fruition, occupying the place in the connection line and discharging ONS from performing unnecessary services.

Another relevant aspect is the fact that the CUST will now be signed in the previous stage, which is a necessary requirement to obtain the concession, reversing what happened before the new rules become effective. After signing CUST, the beginning of CUST performance will have a fixed term of no more than 36 months in case of alternative sources and 60 months for water source.

Nevertheless, the start of CUST performance can be postponed only once and for up to 12 months, provided the monthly charge is paid proportionately to the months of postponement.

As mentioned above, the procedure to request concession should be requested only after signing CUST. Additionally, the Declaration of Concession Requirement is no longer necessary, is valid for four years and no longer generates preference of wind interference between agents, with the sole purpose of simplifying studies and licenses prior to the project.

3) Change in the rules for Provision of Ancillary Services: Possibility of participation of wind farms and solar power plants.

ANEEL authorized wind farms, solar plants and other generation technologies to provide the ancillary service of reactive support – used to control voltage in the electrical system.

The inclusion of renewables for providing this service was one of the improvements to Normative Resolution 1,030/2022 through Normative Resolution 1,062/2023, which contains the standards for provision and remuneration of ancillary services in SIN.

The provision of ancillary services is a topic that has attracted widespread attention due to the growth in the share of intermittent renewable sources in the Brazilian electric matrix. This change has altered the dynamics of the SIN operation, bringing new challenges to the planning, scheduling and operation of the electricity system by the Operator, which has been asked to consider different requirements to offset the rapid variation in voltage during the day.

Electricity Tariffs and Prices

Distribution Segment

Annual Tariff Adjustments (ATA) and Periodic Tariff Reviews (PTRs):

The following distribution companies had tariffs adjusted as below:

Annual Tariff Adjustments (ATAs)		Periodic Tariff Reviews (PTRs)		
Description	CPFL Santa Cruz	CPFL Paulista	RGE	CPFL Piratininga
Ratifying Resolution	3.178	3.183	3.206	3.277
Adjustment	5,65%	3,36%	1,67%	-0,73%
Parcel A	3,24%	0,89%	6,79%	1,97%
Parcel B	1,17%	0,19%	0,43%	-1,08%
Financial Components	1,23%	2,28%	-5,55%	-1,62%
Effect on consumer billings¹	9,02%	4,89%	1,10%	-4,37%
Date of entry into force	03/21/2023	04/08/2023	06/19/2023	10/23/2023

Generation Segment

Contracts for the sale of energy related to generators contain specific readjustment clauses, whose main index is the annual variation measured by the IGP-M, which is used in our contracts for the Incentive Program for Alternative Electricity Sources (Proinfa), bilateral and the Free Contracting Environment (ACL). The contracts entered into in the Regulated Contracting Environment (ACR) have GSF protection hedges and use the IPCA as an index, and the bilateral contracts signed by the subsidiary Campos Novos Energia (Enercan) use a combination of dollar and IGP-M indexes.

Transmission Segment

Annual Tariff Adjustment ("ATA"):

The REH No. 3,216, from July 04, 2023 established the Company and its subsidiaries ARR for the 12 months cycle, covering the period from July, 1st, 2023, until June, 30, 2024.

The ARR of the Concession Contract No. 055/2001, disregarding the adjustment portion, is R\$ 1,122 billion, representing an increase in the order of 20% when compared to the ARR approved for the previous cycle (2022-2023). This increase is mainly due to the last cycle of the financial component re-profiling of MME Ordinance No. 120/2016 (RBSE) which delivered an increase of 112% in the component.

(R\$ million)

REH 2,067/2022 (*)	IPCA	Expansion, Reinforcements and improvements	RBSE (**)	Adjustment portion	REH 3,216/2023 (*)
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933,599	36,677	3,279	150,190	-53,167	1,068,854
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(*) Approved values not considering the Adjustment Portion - PA

(**) Values include increase of the financial components

The company total approved net revenue (of PIS and COFINS), relative to the Concessions Contracts No. 055/2001 and No. 080/2002 (CEEE-T), No. 003/2013 CPFL TRANSMISSÃO (Piracicaba), No. 006/2015 - MORRO AGUDO, No. 020/2018 MARACANAÚ, No. 005/2019 CPFL SUL I, No. 005/2019 CPFL SUL II and the subsidiary TESB, No. 001/2001, shows the following composition:

Contrato de Concessão	BASIC NETWORK			Other Transmission Facilities - DIT			(R\$ million)		
	RBSE	RBNI	RBL	RPC	RCDM	RPEC	Parcela Ajuste	Total	Total
								2024 (*)	2023 (*)
055/2001	731,897	155,876	-	157,222	77,025	-	-53,167	1,068,854	917,241
080/2002	-	-	21,435	-	-	-	-446	20,989	21,733
001/2011	-	-	34,413	-	-	2,818	-6,026	31,204	24,009
003/2013	-	-	12,356	-	-	3,073	-255	15,173	14,137
006/2015	-	-	16,252	-	-	2,807	-392	18,667	17,531
020/2018	-	-	9,372	-	-	1,287	-193	10,466	10,362
005/2019	-	-	34,856	-	-	-	-682	34,174	-
011/2019	-	-	40,967	-	-	2,220	-2,414	40,772	-
	731,897	155,876	169,651	157,222	77,025	12,203	-63,576	1,240,300	1,005,103

(*) Valores homologados considerando a Parcela de ajuste - PA

Periodic Tariff Revision ("PTR")

Aneel's Dispatch No. 402, dated February 14, 2023, postponed the 2023 Periodic Tariff Revision (PTR) of the Annual Revenue Requirement (ARR) of the transmission concessionaires, extended pursuant to Law No. 12,783/2013 reverberating in the **Concession Agreement no. 055/2001** and, partially postponed the scope of the 2023 PTR of the ARR of the bided transmission concessionaires, with regard to Reinforcements and Improvements, impacting the Concession Agreement **no. 003/2013 of the CPFL-T Piracicaba**.

On June 13, 2023 was disclosed the REH No, 3,050/2022 that approved the Periodic Tariff Revision of the Concession Contracts granted through public auction bid. In line with Aneel's Dispatch No. 402/2023, was a review of the ARR offered in the auction of the Concession Agreement 003/2013, CPFL-T Piracicaba, by recalculating the Cost of the Third-Party Capital (r_p). The repositioning index of the contract no. 003/2013 achieved **+7.87%**. However, in the tariff adjustment this index was not applied, and, by the Aneel's Dispatch No. 4675/2023, will be included in the adjustment for the 2024/2025 cycle with retroactive effect.

Concession Contract No, 4/2021-Cachoeirinha 3:

On March 31, 2021, the Concession Contract No, 4/2021-ANEEL was concluded, which regulates the concession of the public service for the transmission of electricity for the construction, operation and maintenance of transmission facilities in SE 230/138 kV Cachoeirinha 3, referring to Lot 6 of the Auction Notice No, 01/2020-ANEEL, The entry into operation of the asset was scheduled for September 30, 2024, however, on November 26, 2023, it was energized in advance with the ARR of the R\$ 10,739,259,16 (ten million, seven hundred and six thirty nine million, two hundred and fifty nine thousand reais and one hundred and sixty cents).

Concession Contract no. 001/2011- TESB:

On October 28, 2023 was energized the last project of the subsidiary TESB, the TL 230kV PORTO ALEGRE 9/PORTO ALEGRE, resulting in the concession revenue amounting to R\$43,161,248.90 (forty-three million, one hundred and sixty-one thousand, two hundred and forty-eight reais and ninety cents).

3. Operating performance

Energy Sales

In 2023, electricity sales to final consumers (quantity of electricity billed to final consumers) totaled 45,287 GWh, a reduction of 2.0% (947 GWh) compared to 2022.

It is noteworthy the performance of the residential, commercial and industrial segments, which accounted 82.6% of the electricity sales to final consumers:

- **Residencial Segment:** increase of 5.1%, mainly reflecting the good performance of the income mass, higher temperatures and an increase in consumer units in 2023 compared to 2022, On the other hand, we had a negative impact regarding the increase in MMGD (Micro and Mini Distributed Generation) units;
- **Commercial Segment:** reduction of 6.3% due to the increase in MMGD (Distributed Micro and Minigeneration) and the migration of captive customers to the free market;
- **Industrial Segment:** reduction of 16.2% reflecting the slowdown in industrial production and migration of captive customers to the free market.

Electricity sales to wholesaler's, through other concessionaires, permissionaires and authorized, reached 17,908 GWh, which represented an increase of 18.7% (2,822 GWh), mainly due to the migration of permissionaires.

Performance in the Electricity Distribution Segment

The Group maintained its strategy of encouraging the dissemination and sharing of best management and operational practices at its distributors in an effort to increase operational efficiency and improve the quality of services provided to clients.

Find below the results posted by distributors in the main indicators that measure quality and reliability of power supply. The Equivalent Duration of Interruptions (SAIDI) measures the average duration, in hours, of interruptions suffered by consumers in the year, while the SAIFI (Equivalent Frequency of Interruptions) measures the average number of interruptions suffered

per consumer per year.

Distributor	SAIDI and SAIFI Indexes*			
	SAIDI (hours)		SAIFI (interruptions)	
	2023	2022	2023	2022
CPFL Paulista	5.14	5.25	3.26	3.56
CPFL Piratininga	4.57	4.95	3.14	3.65
RGE	8.63	10.55	3.98	4.63
CPFL Santa Cruz	5.04	4.74	3.22	3.22

*Annualized figures

Performance in the Electricity Generation Segment

The year 2023 was marked by a better performance of our wind farms compared to 2022. Our availability remained at a high level, at 95.7%, and contributed to the year's result, and wind generation increased by 1.2%, but despite the better wind performance, the structural conditions of the system forced the ONS to restrict the generation of wind farms, which affected the energy generated in the year. The hydrological scenario favored our HPPs and SHPPs, resulting in an increase of 60.8% and 33.0% in the flow, respectively.

On December 31, 2023, the installed capacity of the Generation segment of CPFL group totaled 4,371 MW, comprising 8 HPPs (1,996 MW), 49 wind farms (1,391 MW), 46 SHPPs and MHPPs (472 MW), 7 biomass-powered thermal power plants (330 MW), 2 TPPs (182 MW) e 1 solar plant (1 MW).

We are constantly evaluating new opportunities to explore investments in generation projects. We have a total portfolio of 4,399 MW of projects to be developed in the coming years and currently have one project under construction, Lucia Cherobim SHPP, with 28.0 MW of installed capacity, located in the state of Paraná, scheduled to start operating in 2024.

4, Economic and financial performance

Operating Revenue

Gross operating revenue was of R\$ 56,722 million, representing an increase of 3.8% (R\$ 2,072 million), due to the following increases: (i) of R\$ 1,435 million in the sectoral financial asset and liability; (ii) of 9.8% in other operating revenues (R\$ 895 million); (iii) of 13.3% in electricity sales to final consumers (R\$ 676 million); (iv) of 0.4% in electricity sales to distributors (R\$ 147 million). These effects were partially offset by the following decreases: (v) of 12.8% in the revenue with construction of concession infrastructure (R\$ 686 million); (vi) of 28.3% in the update of concession's financial asset (R\$ 396 million).

Deductions from operating revenue were of R\$ 16,978 million, presenting a decrease of 11.0% (R\$ 1,683 million). Net operating revenue was of R\$ 39,743 million, representing an increase of 1.0% (R\$ 389 million).

Operating Cash Flow — EBITDA

Operating cash flow, as measured by EBITDA, reached R\$ 12,829 million, an increase of 4,6% (R\$,567 million), mainly reflecting the decrease of 2.2% (R\$ 401 million) in costs with electric energy and the increase of 1.0% (R\$ 388 million) in net operating revenue. These effects were partially offset by the following factors: (i) decrease of 35.0% (R\$ 172 million) in equity accounting, and (ii) increase of 0.5% (R\$ 51 million) in operating costs and expenses, including

expenses with private pension fund and costs with building the infrastructure.

<i>Reconciliation of Net Income and EBITDA</i>		
	2023	2022
Net Income	5,537,162	5,218,792
Depreciation and Amortization	2,249,618	2,031,445
Assets Surplus Value Amortization	577	579
Financial Income/Loss	2,556,840	2,911,269
Social Contribution	668,553	561,078
Income Tax	1,817,068	1,539,757
EBITDA	12,829,818	12,262,921

* According to CVM Resolution No, 156/22.

Net Income

In 2023, net income reached R\$ 5,537 million, an increase of 6.1% (R\$ 318 million), mainly due to the increase of 4.6% (R\$ 567 million) in EBITDA and decrease of 12.2% (R\$ 354 million) in net financial expenses. This effect was offset by the following increases: (i) ,of 18.3% (R\$ 385 million) in the income tax and social contribution; and (ii) of 10.7% (R\$ 218 million) in depreciation and amortization.

Allocation of Net Income from the Fiscal Year

CPFL Energia's dividend policy stipulates that a minimum of 50% of net income, adjusted in accordance with the Brazilian Corporate Law, be distributed to the holders of its shares.

Dividends related to net income for 2023 basis for distribution

The proposal for allocation of net income from the fiscal year is shown below:

R\$ thousand	2023
Net income for the year - parent company	5,527,101
Realization of reserve for realizable profits	207,652
Realization of Comprehensive Result	26,612
Time-barred dividends	6,491
Net income considered for allocation	5,767,856
Legal reserve	166,949
Reserve for realizable profits	728,098
Profit reserve - working capital reinforcement	1,699,527
Mandatory minimum dividend ¹	437,410
Proposed additional dividend	2,735,872
Dividends Total	3,173,282

Notes:

(¹) Throughout the 2023 fiscal year, CPFL Energia paid dividends corresponding to the profit reserve, in the amount of R\$ 902,628, which were imputed to the minimum mandatory dividend for the year.

The Board of Directors propose the payment of R\$ 3,173 million in dividends to holders of common shares traded on B3 S.A. – Brasil, Bolsa, Balcão (B3). This proposed amount corresponds to R\$ 2.753976596 per share, related to the fiscal year of 2023 and will be distributed after the approval at the AGM.

Indebtedness

At the close of 2023, gross financial debt (including derivatives) of the Company reached R\$ 29,455 million, presenting an increase of 5.1%. Cash and cash equivalents totaled R\$ 5,533 million, an increase of 20.2%. Therefore, net financial debt increased 2.2% to R\$ 23,922 million. This increase is mainly a consequence of the strong investment (CAPEX) made in all segments of the CPFL group.

5. Investments

In 2023, investments of R\$ 5,073 million were made to maintain and expand the business, of which R\$ 3,793 million were allocated to distribution, R\$ 446 million to generation and R\$ 99 million to commercialization, services and others. In addition, there was an investment of R\$ 735 million related to the transmission segment.

Among CPFL Energia's investments in 2023, we can highlight:

Distribution: investments in expansion, maintenance, improvement, automation, modernization and strengthening the electricity system to meet market growth, in operational infrastructure, in customer service, among others. On December 31, 2023, our distributors had 10.5 million customers, an increase of 0.2 million customers. Our distribution network consisted of 342,986 kilometers of distribution lines, including 518,756 distribution transformers. Our four distribution subsidiaries had 11,991 kilometers of high voltage distribution lines, between 23 kV and 138 kV. On that date, we had 591 high voltage to medium voltage transformer substations for subsequent distribution, with a total transformation capacity of 20,176 MVA (an increase of 262 MVA);

Generation: in 2023, R\$ 446 million were invested, spent mainly on the construction of Lucia Cherobim SHPP and maintenance of wind farms and plants;

Transmission: In 2023, investments of R\$ 735 million were made for the maintenance and expansion of the business. Included in this amount are the investments made in the subsidiary Transmissora de Energia Sul Brasil - TESB, which totaled R\$ 23 million.

6. Corporate governance

CPFL Energia ("Company") is the holding company of the CPFL Group, operating in Brazil's electricity sector for over 110 years, implementing and operating projects and concessions in the energy distribution, generation, transmission and trading segments and related activities through its subsidiaries and affiliate companies.

In 2023, CPFL Energia completed 19 years of its listing on the Novo Mercado segment of the B3

S/A, – Brasil, Bolsa e Balcão (“B3”), This special listing segment includes companies that voluntarily adopt corporate governance best practices, All the shares of CPFL Energia are common shares, granting voting rights to all shareholders, In addition, shareholders are assured of 100% tag along rights in case of sale of shareholding control.

The corporate governance model adopted by CPFL Energia is based on 5 basic principles of the Corporate Governance System in Brazil: integrity, transparency, equity, accountability and sustainability.

The Corporate Governance Guidelines, together with the Bylaws/Articles of Incorporation of the Company, the Charters (Board of Executive Officers, Board of Directors, Fiscal Council, Advisory Commissions and Committees to the Board of Directors and Audit Committee), Shareholders Agreements, when in place, and the policies on corporate governance outline the set of practices adopted by CPFL Energia and are available on the Investor Relations website.

The Management of CPFL Energia is composed of the Board of Directors (“Board”) and the Board of Executive Officers.

The Board defines the strategic business direction of the CPFL Group and currently consists of seven members, whose term of office is two years, with reelection allowed, Currently, the Board consists of two independent members (representing 28.5% of the board) and 1 woman (representing 14.3% of the board), who represent the opportunity to bring fresh experiences to debates.

The Board has five advisory committees (Finance and Risk Management and Strategy, Growth, Innovation and ESG, Audit, Related Parties and People) that support the decisions and monitoring of significant and strategic topics, The Audit Committee has three independent members (two of them directors and one external member) and the Related Parties Committee has a majority of independent members.

The Board of Executive Officers consists of one CEO and eight executive officers, whose term of office is two years and reelection is allowed. The Board of Executive Officers executes the strategy of the CPFL Group defined by the Board, in line with corporate governance guidelines.

CPFL Energia also has a permanent Fiscal Council consisting of three members and an equal number of alternate members, whose term of office is one year and who may be reelected. Its responsibility is the independent supervision of management with the goal of preserving the organization’s value.

To ensure quality and integrity of the routine activities of these entities, in 2019 the Corporate Governance Department was created, which constantly manages, controls and streamlines the governance processes across the CPFL Group.

The Corporate Governance Department functionally reports to the Board of Directors, operating on diverse fronts to ensure the adoption of corporate governance best practices and the alignment of the decision-making process with the strategic vision of shareholders and the best interests of stakeholders, generating long-term value and meeting the principles of corporate governance. The Corporate Governance Department consists of two managers: the Corporate Governance Manager and the Corporate Legal Manager, who is assisted by the Coordinator of Board Affairs.

The Coordinator of Board Affairs monitors the strategic topics and projects of interest to the Board, monitors the execution and evolution of topics discussed by the Board with support from the business areas of the CPFL Group. As a result of the efforts deployed and through the presentation of KPIs, the Board has an innovative management tool in the Brazilian market that ensures control, compliance, transparency and corporate responsibility in governance processes across the CPFL Group. In 2023, the coordinator monitored 202 topics and published 41 newsletters on important subjects.

To perform their activities, the Coordinator relies on the inputs and integration with all business areas of the Company through the monitoring of the execution and evolution of topics approved by the Board, thus representing an important accountability tool for the Company.

The guidelines and documents on Corporate Governance are available at the Investor Relations website: <http://www.cpfl.com.br/ri>.

7. Capital markets

As of December 31, 2023, CPFL Energia had 16.29% of its shares outstanding in the market (free float), with its shares traded in Brazil (B3).

In 2023, CPFL Energia shares had an appreciation of 16.0% compared to the previous year, ending the year quoted at R\$ 38.51 per share. The average daily trading volume reached R\$ 62,7 million on the B3, representing a decrease of 32.1% compared to 2022. The discussions about the concessions renewal, with the light judicial recovery, plus other macroeconomic factors, as interest rates, all this contributed to this decrease in the volume. The number of trades carried out on the B3 had a decrease of 27.2%, going to a daily average of 7,926 trades, in 2023.

B3			
Date	CPFE3	IEE	IBOV
12/28/2023	R\$ 38.51	94,957	134,185
12/30/2022	R\$ 33.20	78,679	109,735
YoY	16.0%	20.7%	22.3%

At the B3, CPFL Energia is part of the IBOVESPA, IBrX-100, IEE, IDIV, IGC, ITAG, ISE and ICO2 indexes, the last two of which are Brazilian stock indices that consider the topic of sustainability. Beyond this, the company integrated the first IDIVERSA portfolio, index launch in 2023, which refers to diversity of the listed companies.

CPFL Energia is also on the FTSE4Good emerging markets index and the FTSE4GOOD Latin America Markets, both index of the London Stock Exchange, with a score of 3,2 (the minimum required for participation is 2,9).

8. ESG (environmental, social and governance) Aspects

We roll out initiatives that generate value for the company and its stakeholders in order to ensure competitiveness through operational excellence and contribute to sustainable development in the areas of influence. In line with the Strategic Plan of the CPFL Group, the sustainability/ESG strategy incorporated into the decision-making process, actions and investments. See the highlights below.

2023 ESG Plan: Approved in November as an evolution of the 2020-2024 Sustainability Plan, it brings guidelines and strategies organized into four pillars: Renewable and smart solutions, Sustainable operations, Value shared with society, and Safe and reliable operation. The plan is divided into 23 public commitments guided by the UN Sustainable Development Goals (SDGs).

Sustainability Platform: tool for managing sustainability performance from the perspective of the company's main stakeholders, with indicators and targets aligned with the Strategic Plan and the 2030 ESG Plan.

Sustainability Committee: executive management body responsible for monitoring the execution of the ESG strategy, evaluating and recommending the inclusion of sustainability criteria and guidelines in the decision-making process, monitoring trends and topics that are critical for the company.

Climate Change: we are committed to the transition to a low-carbon economy and are facing the challenges of climate change with a sense of urgency, responsibility and determination. More information at: www.cpfl.com.br/ir > Governance and Sustainability > Climate Change.

Environment Management: our business model calls for a comprehensive capacity to manage environmental impacts. The guidelines and processes we adopt are unified in the Environment Management System (EMS), which ensures compliance of all operations with the respective environmental licenses and directs investments that create value for the entire production chain.

Sustainability Recognition in 2023: included in the Corporate Sustainability Index (ISE) and Carbon Efficient Index (ICO2) of the São Paulo Stock Exchange (B3); golden seal in the GHG Protocol Program; Five outstanding projects in Brazil on the environment, an initiative of Amcham and ICC; 2023 Abradee Awards, Social and Environmental Responsibility category (CPFL Santa Cruz and CPFL Paulista); Top Employers 2023 Certification; Yearbook Época Negócios 360 – Electricity Category.

Ethics Management and Development System (SGDE): The CPFL Group's Integrity Program formalizes its commitment to ethical values that permeate its actions and businesses, and consists of four dimensions aimed at the continuous improvement and demonstrate the tone and practice of top management: (i) development, guidance and revision of standards, mainly the Code of Ethics and Conduct; (ii) training programs, communication actions, awareness and engagement campaigns for internal and external audience; (iii) investigation of reports, diligence and other risk assessment processes; and (iv) monitoring of indicators, assessments made by the Ethics and Business Conduct Committee (COMET) and reporting of the results of the Integrity Program. The Program also has an ethics channel managed by an external, independent company, and a process for investigating ethical reports, which guarantees confidentiality, anonymity and non-reprisal of bonafide whistleblowers. Among the actions launched in 2023 was the maintenance of the ISO 37001 Certification – Anti-Bribery Management System, which attests to high governance and transparency standards used by the CPFL Group in its activities. Furthermore, we achieved the highest score in Ethics in Business in the Corporate Sustainability Index (ISE B3); the revised the Code of Ethical Conduct for Suppliers, and the Instruction of the Integrity Program, and conducted training on topics of the Integrity Program for employees and suppliers, applied forms on the conflict of interest to specialists, coordinators and managerial positions and above, launched the first Integrity Game and 12 Monthly Integrity Chats, in which we highlight the topics "Anti-corruption Policy and fostering of the Culture of Integrity", "Moral Harassment and disrespectful treatment", "Sexual harassment and sexual misconduct", and "Code of Ethical Conduct for suppliers", as well as communication actions; and investigation of complaints, risk assessments and issuance of due diligence opinions and reports of background checks.

Community Relations:

(i) CPFL Institute – It is the private social investment platform of the CPFL Energia group, Headquartered in Campinas, it has integrated the social initiatives of the company for more than 20 years. Through cultural, sports and educational programs, the Institute works on five fronts: CPFL Young Generation, which supports initiatives for the future of new generations; CPFL in Hospitals, which supports humanization and improvement projects in public hospitals; CPFL Brazil-China Exchange, which builds cooperation, dialogue and mediation between the Chinese and Brazilian cultures; CPFL Circuit, which organizes itinerant running, walking and cinema sessions powered by solar energy; and Café Filosófico CPFL, a channel for CPFL Institute's reflections over webcasts, TV programs and podcasts. The Institute's other activities include art exhibitions, music concerts and cinema sessions. In 2023, the CPFL Group allocated R\$37.6 million (through the tax incentive laws IR Cultura, IR Esporte, CMDCA, and CMI).

2023 Results:

1) CPFL in Hospitals: Through our CPFL in Hospitals front, which includes structural improvement and hospital humanization projects, we support 25 hospitals, benefitting approximately 660,000 people.

2) CPFL Young Generation: Through this front, we support 10,000 youth through music, literature and sports projects aimed at reducing social vulnerability among children and youth in the group's partner communities.

3) CPFL Brazil-China Exchange: In 2023, the 7th season of the Brazil-China Exchange was held, which recorded 813,000 viewers, This edition featured an art exhibition, music and video playlists, a film festival, the 2nd moon festival, a music concert and two special meetings of Café Filosófico CPFL.

4) CPFL Circuit: In 2023, through the CPFL Circuit front, we took solar energy movies to 113 cities, we drove 25,000 kilometers, reaching more than 30,000 viewers.

5) Café Filosófico CPFL: With our Café Filosófico CPFL front, in 2023 we recorded 33 times in our studio and two other special commemorative records, one in Porto Alegre and another in Campinas. In all, during 2023 we exhibited 154 programs of Café and Café Expresso on TV Cultura and YouTube.

6) Volunteer work: In 2023, we strengthened the CPFL volunteering program called Semear, supporting 27 NGOs, benefitting 4,000 people in our partner communities.

7) Energy efficiency (0,5% of Net Operating Income): In 2023, we invested R\$123.6 million in energy efficiency projects, R\$19.7 million on projects targeted at consumers with low purchasing power, which resulted in (a) the regularization of 4,801 clients; replacement of (b) 102,318 light bulbs with more efficient models (LED); (c) 3,561 heat exchangers, The following educational projects were implemented: (d) which trained more than 27,326 students and 1,868 teachers from elementary schools on the conscious and safe use of electricity, at an investment of R\$7.1 million, It also executed (e) public lighting projects, which replaced 22,255 lamps with LED bulbs at an investment of R\$21.5 million, Finally, (f) it invested R\$61.8 million in the Hospitals Program, which is installing photovoltaic generation systems and replacing light bulbs with LED models in public and philanthropic hospitals, and traditional refrigerators with laboratory freezers in health units.

Human Resources Management: In 2023, we trained 6,432 employees in the active base, totaling 20,979 thousand hours of training, Training programs were also held for the community, with schools for electrician training held during the year: 34 batches, 857 participants, 621 were approved and 536 were hired.

Value Network: In 2023, three Value Network meetings were held, all of them online, in which 98 partners discussed the: Macroeconomic Scenario, CPFL Strategic Plan, 2030 ESG Plan, Sustainability in the Supply Chain, Diversity and Inclusion and Workplace Safety.

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9. Independent auditors

PriceWaterHouseCoopers Independent Auditors (PwC) was engaged by CPFL Energia for the provision of external audit services related to the examination of the Company's financial statements.

For the fiscal year ended on December 31, 2023, PwC provided, in addition to the audit of corporate and regulatory financial statements and review of interim information, the following services:

Nature

Compliance with financial covenants

Tax compliance services – Bookkeeping and Tax Accounting (ECF)

“Accounting ECD” revision of 2023 calendar

Information Technology Services - Information Security

Benchmarking Services for Human Capital data

ACR Audit (Asset Control Report)

The hiring of independent auditors is the responsibility of the Board of Directors, which is assisted by the Audit Committee in such decision, analyzing the selection or removal of independent auditors.

Pursuant to CVM Resolution 162/2022, Management has policies and controls that address, among other matters, the size of the audit firm to be hired for the purpose of auditing the financial statements and the rules for hiring suppliers for audit and “extra-audit” services. This policy, among other reasons, aims to avoid the existence of conflicts of interest, loss of independence or objectivity of its independent auditors. In addition, PwC declared to Management that, due to the scope and processes performed, the provision of the aforementioned services does not affect the independence and objectivity necessary for the performance of external audit services.

10. Glossary of terms of electric sector

ACL: Free Contracting Environment. Segment of the market comprising the purchase of electric power by deregulated agents (such as Free Consumers and electric power traders).

ACR: Regulated Contracting Environment. Segment of the market comprising the purchase by distributing companies, by means of bids and other mechanisms provided by Aneel.

ANEEL (National Electric Energy Agency): The power sector’s regulatory body.

Annual General Shareholders’ Meeting (AGM): Mandatory annual meeting of the Company’s shareholders called by the Board of Directors, in order to: (a) acknowledge the management accounts; (b) analyze and vote on the Company’s financial statements;(c) decide on the allocation of net income;(d) pay dividends; and (e) elect the Board of Directors and the Fiscal Council.

Allowed Annual Revenue - AAR (RAP, in portuguese): Revenue authorized by ANEEL, by Resolution, for making the transmission system facilities available. Annual revenue to which the concessionaire is entitled from the start of commercial operation of the transmission facilities.

Assured Energy or Physical Guarantee: Fixed amount of energy of a power plant, established by the granting power in the concession agreements. It represents the amount of energy available for sale in that enterprise.

ATA: Annual Tariff Adjustment (reajuste tarifário anual).

B3 (B3 S,A, - Brasil, Bolsa, Balcão): São Paulo Stock Exchange.

Basic Network: Transmission installations of the National Interconnected System - SIN, owned by public transmission service concessionaires, with voltage equal or higher than 230 kV.

Biomass Thermoelectric Power Plant: A thermoelectric generator that uses the combustion of organic matter for the production of energy.

BNDES: National Bank of Economic and Social Development.

Brazilian Corporate Law: Federal Law No, 6,404, enacted on December 15, 1976, which governs, among other things, corporations (sociedade por ações) and the rights and duties of their shareholders, directors and officers.

Bylaws: The Company's Bylaws.

Captive Consumers: Consumers who may only acquire energy from the concessionaire to whose network they are connected.

CCEE: Energy Trading Chamber.

CDE: Energy Development Account, instituted by Law No, 10,438 of April 26, 2002, and subsequent amendments thereto. A fund managed by CCEE to foster electricity development in general and its production from alternative energy sources in particular, as well as the universalization of energy services in Brazil. All concessionaires contribute to this fund.

Company or CPFL Energia: CPFL Energia S.A, or the group of companies comprising CPFL Energia and its subsidiaries.

Consumer: An individual or legal entity that requests power supply from a concessionaire, assuming the responsibility of paying the bills and complying with other obligations determined by ANEEL.

CVA: A tracking account used to offset the variation in estimated fixed costs passed on to consumers in distribution tariff adjustments and the variation in actual fixed costs. These costs include: Energy Purchase, transport from Itaipu, Basic Network Contract and sector charges.

CVM: Brazilian Securities and Exchange Commission.

Distribution: Electricity system that delivers energy to final consumers within a concession area.

Distribution network: The electricity system that delivers energy to final customers within a concession area.

Dividend yield: The amount of dividends paid by the company divided by the current share price.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): Measures a company's operating cash flow before it is impacted by financial charges, depreciation and taxes.

Extraordinary General Shareholders' Meeting (EGM): A meeting of the Company's shareholders to discuss and decide on corporate matters, other than those dealt with by the AGM.

ETA: Extraordinary Tariff Adjustment (reajuste tarifário extraordinário).

Final Consumers: Consumers who use electric power to meet their own needs.

Free Consumers: Group A Consumers who are supplied by generators or traders through bilateral contracts signed within the ACL (Free Contracting Environment). These consumers still have to pay the distributor where it is located for the use of the distribution system.

Free Float: The shares of a company that are traded in the organized stock markets.

Granting Power: The federal government.

Holding Company: (1) A company whose main activity is to retain a controlling stake in one or more other companies; (2) A company which retains a controlling stake in one or more other companies and also controls these companies' managerial and business policies.

Hydroelectric Power Plant (or HPP): A generating unit that uses water power to drive the turbine.

IBrX-100 Brazil Index: An index that measures the return on a theoretical portfolio composed by 100 stocks selected among B3's most actively traded securities, in terms of number of trades and financial value. The component stocks are weighted according to the outstanding shares' market value.

IBOV - Ibovespa Index: The main indicator of the Brazilian stock market's average performance. IBOV's relevance comes from the fact that it reflects the variation of B3's most traded stocks.

ICO2 - Carbon Efficient Index: Comprises the shares of companies participating in the IBrX-100 index that have agreed to join this initiative, by adopting transparent practices with respect to their greenhouse gas emissions (GHGs). It takes into account, for weighting the shares of the component companies, their degree of efficiency in GHG emissions, in addition to the free float of each one.

IDIV - Dividend Index: It is a total return index and is intended to be the indicator of the average performance of the quotations of the assets that stood out in terms of investor remuneration, in the form of dividends and interest on equity.

IEE - The Electric Power Index: It was launched in August 1996 to measure the performance of the electric power sector. In this sense, the index is an instrument that makes possible the performance analysis of portfolios specialized in the electric power sector.

IFRS - International Financial Reporting Standards: the International Accounting Standards, which seek for a standard accepted in many countries in order to facilitate the comparability of information between companies in different countries. In Brazil, IFRS was implemented in 2010.

IGC - Special Corporate Governance Stock Index: is designed to measure the return of a theoretical portfolio composed of shares of companies with a good level of corporate governance. Such companies should be traded on B3's "Novo Mercado" or should be classified at B3's "Level 1" or "Level 2".

IGP-M: General Market Price Index, calculated by the Fundação Getúlio Vargas.

Installed Capacity: Maximum amount of energy that can be delivered by a particular generating unit on a full continuous charge basis under specific conditions as designated by the manufacturer.

IPCA: Extended National Consumer Price Index, calculated by the IBGE.

ISE - Corporate Sustainability Index: Designed to measure the return on a portfolio composed of shares of companies highly committed to social responsibility and corporate sustainability, and also to promote good practices in the Brazilian corporate environment.

ITAG - Special Tag Along Stock Index: Designed to measure the return of a theoretical portfolio composed of shares of companies which offer, in case of control sale, better conditions to minority shareholders than those required by law.

ITR: Quarterly Information.

Itaipu: Itaipu Binacional, a hydroelectric facility jointly owned by Brazil and Paraguay.

Locational Signal: Defined as signaling the entry of new users, through TUST, so that it can implement its projects, in order to bring load and generation closer together, promote the rationalization of the use of systems and the minimization of expansion costs.

MME: Brazilian Ministry of Mines and Energy (Ministério de Minas e Energia).

Novo Mercado: A B3 (São Paulo Stock Exchange) listing segment comprising companies committed to adopting the highest level of corporate governance and disclosing information over and above that which is determined by the regulations.

ONS (National Electric System Operator): A private law corporate entity authorized to carry out coordination and control activities of the electric energy generation and transmission operations in the interconnected systems.

Parcel A: Distributors' non-manageable costs, including the cost of electricity purchased for resale, connection and use of transmission system charges and sector charges.

Parcel B: Parcel that incorporates management costs related to the electricity distribution activity, such as operating costs, payment of investments and reintegration quota.

Potentially Free Consumer: Consumer that meets the conditions established to become free, but opts to be served in a regulated market.

Proinfa: Incentive Program for Alternative Electric Energy Sources, under Law 10,438 of April 26, 2002, and subsequent amendments thereto.

PTR: Periodic Tariff Revision (revisão tarifária periódica),

Regulated Market: Market segment in which distribution companies purchase all the electricity needed to supply customers through public auctions. The auction process is administered by ANEEL, either directly or through CCEE, under certain guidelines provided by the MME. Regulated Market is generally considered to be more stable in terms of supply of electricity.

SAIDI: System Average Interruption Duration Index, measured by the average duration of power interruptions in hours per consumer in a given period, normally a month or last 12 months.

SAIFI: System Average Interruption Frequency Index, measured by the average number of power interruptions in hours per consumer in a given period.

SDGs: United Nations Sustainable Development Goals, 17 sustainable development goals established by the United Nations and 169 specific targets that apply to all countries and cover a broad range of sustainability issues, including poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, environment and social justice.

SIN (National Interconnected System): Comprises the Basic Network and other transmission installations connecting generators and distributors in Brazil.

Small Hydroelectric Power Plants (or SHPPs): Hydroelectric plants with an installed capacity of between 3 MW and 30 MW.

Special Free Consumer: Special category of free consumers who are qualified to purchase energy on the free market only from incentivized sources (solar, wind, biomass or SHPP).

Substation: A set of equipment that connects, alters and/or controls the voltage in a transmission and distribution system.

Tag Along: The right of minority shareholders to sell their shares, at the same price of the controlling shareholders, in the event of the disposal of control.

Thermoelectric Power Plant (or TPP): A generating unit which uses fossil fuels such as coal, oil, diesel, natural gas or others as the source of energy to drive the turbine.

Transmission: High-voltage lines conducting electricity over long distances with a voltage equal to or higher than 69 kV, connecting substations.

Transmission Network: Network or system for the transmission of electric energy between areas or countries to supply the distribution networks.

TUSD: Tariff for the Use of the Distribution Grid, annually adjusted by ANEEL.

TUST: Tariff for the Use of the Transmission Grid, annually adjusted by ANEEL.

11. Acknowledgements

The Management of CPFL Energia thanks its shareholders, customers, suppliers and communities in the areas of operations of its subsidiaries for their trust in the Company in 2023. It also thanks, in a special way, its employees for their competence and dedication in meeting the objectives and targets set.

The Management

For more information on the performance of this and other companies of the CPFL Energia Group, visit www.cpfl.com.br/ir.

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CPFL Energia S.A.
Statement of financial position at December 31, 2023 and 2022
(in thousands of Brazilian Reais)

	Note	Parent company		Consolidated	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
ASSETS					
Current assets					
Cash and cash equivalents	5	171,795	189,100	4,435,186	3,746,158
Securities	6	-	-	1,097,438	856,244
Consumers, concessionaires and licensees	7	-	-	6,190,130	5,071,130
Inventories		-	-	151,744	190,310
Dividends and interest on capital	13	883,352	866,863	10,286	5,114
Income tax and social contribution recoverable	8	13,117	35,291	655,247	525,532
Other taxes recoverable	8	16,911	36,902	589,175	751,353
PIS/COFINS recoverable over ICMS	8	-	-	2,355,498	1,685,643
Derivatives	34	-	-	88,315	201,698
Sector financial asset	9	-	-	293,066	230,816
Contract assets	15	-	-	746,783	709,222
Other assets	12	282	74	1,438,485	1,206,817
Total current assets		1,085,457	1,128,231	18,051,353	15,180,037
Non-current assets					
Consumers, concessionaires and licensees	7	-	-	164,914	205,659
Intragroup loans		37,942	52,859	-	-
Escrow Deposits	22	547	537	789,734	716,921
Income tax and social contribution recoverable	8	411	411	85,147	121,381
Other taxes recoverable	8	-	-	515,153	528,493
PIS/COFINS recoverable over ICMS	8	-	-	4,162,169	6,794,863
Sector financial assets	9	-	-	200,111	214,133
Derivatives	34	-	-	590,935	305,862
Deferred tax assets	10	3,081	2,566	325,404	247,816
Concession financial asset	11	-	-	21,617,521	18,202,007
Investments at cost		-	-	39,435	89,041
Other assets	12	4,312	9,330	377,313	287,039
Investments	13	18,291,206	16,402,651	520,662	622,508
Property, plant and equipment	14	4,575	2,573	10,135,751	10,614,068
Intangible assets	16	98	141	8,973,764	9,907,344
Contract asset	15	-	-	8,421,862	7,108,910
Total Non-current assets		18,342,171	16,471,067	56,919,874	55,966,044
Total assets		19,427,628	17,599,298	74,971,227	71,146,081

The accompanying notes are an integral part of these financial statements.



CPFL Energia S.A.
Statement of financial position at December 31, 2023 and 2022
(in thousands of Brazilian Reais)

LIABILITIES AND EQUITY	Note	Parent company		Consolidated	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Current liabilities					
Trade payables	17	1,942	2,068	3,692,489	3,227,768
Borrowings	18	-	-	3,531,710	3,362,615
Debentures	19	-	-	980,841	1,323,011
Private pension plan	20	-	-	549,549	699,336
Regulatory liabilities		-	-	170,138	78,228
Income tax and social contribution payable	21	14,842	25,471	771,899	455,493
Other taxes, fees and contributions	21	8,118	18,494	1,076,007	440,270
Intragroup loans	31	-	-	3,140,112	-
Dividends		473,085	1,243,106	570,319	1,421,994
Estimated payroll		-	-	198,994	182,768
Derivatives	34	-	-	61,015	76,759
Sector financial liability	9	-	-	1,163,287	281,398
Use of public asset		-	-	24,124	23,884
Provisions for demobilization and environmental expenses		-	-	6,106	5,687
PIS/COFINS consumer reimbursement	8	-	-	1,609,435	945,091
Other payables	23	26,365	28,873	2,216,083	2,354,869
Total current liabilities		524,352	1,318,012	19,762,108	14,879,172
Non-current liabilities					
Trade payables	17	-	-	397,422	424,945
Borrowings	18	-	-	9,979,666	10,405,052
Debentures	19	-	-	11,944,886	10,291,747
Private pension plan	20	-	-	1,503,118	1,586,390
Income tax and social contribution payable	21	-	-	274,976	255,017
Other taxes, fees and contributions	21	-	-	934,248	1,012,970
Deferred tax liabilities	10	-	-	2,318,542	2,126,655
Provision for tax, civil and labor risks	22	292	166	1,513,371	1,345,236
Intragroup loans	31	-	-	-	2,803,121
Derivatives	34	-	-	495,825	265,858
Sector financial liability	9	-	-	458,436	262,806
Provisions for demobilization and environmental expenses		-	-	164,655	138,613
Use of public asset		-	-	171,351	184,802
PIS/COFINS consumer reimbursement	8	-	-	4,311,128	6,917,491
Other payables	23	23,518	24,521	742,739	706,263
Total Non-current liabilities		23,810	24,687	35,210,366	38,726,965
Equity	24				
Issued capital		9,388,071	9,388,071	9,388,071	9,388,071
Capital reserves		(1,396,906)	(1,396,339)	(1,396,906)	(1,396,339)
Legal reserve		1,877,614	1,710,665	1,877,614	1,710,665
Statutory reserve - working capital improvement		5,636,993	4,840,094	5,636,993	4,840,094
Reserve for unrealized profits		2,204,186	1,683,741	2,204,186	1,683,741
Dividend		2,735,872	1,211,152	2,735,872	1,211,152
Accumulated comprehensive income		(1,566,364)	(1,180,784)	(1,566,364)	(1,180,784)
		18,879,466	16,256,599	18,879,466	16,256,599
Equity attributable to noncontrolling interests		-	-	1,119,287	1,283,345
Total equity		18,879,466	16,256,599	19,998,753	17,539,944
Total liabilities and equity		19,427,628	17,599,298	74,971,227	71,146,081

The accompanying notes are an integral part of these financial statements



CPFL Energia S.A.

Statement of financial position at December 31, 2023 and 2022

(in thousands of Brazilian Reais, except for Earnings per share)

	Note	Parent company		Consolidated	
		2023	2022	2023	2022
Net operating revenue	26	271	90	39,743,190	39,354,237
Cost of services					
Cost of electric energy	27	-	-	(17,668,819)	(18,070,459)
Cost of operation		-	-	(4,056,111)	(4,056,829)
Depreciation and amortization		-	-	(1,720,969)	(1,561,868)
Other cost of operation	28	-	-	(2,335,142)	(2,494,961)
Cost of services rendered to third parties	28	-	-	(4,376,171)	(5,390,456)
Gross profit		271	90	13,642,089	11,836,493
Operating expenses					
Selling expenses		-	1	(813,829)	(806,434)
Depreciation and amortization		-	-	(9,351)	(9,613)
Allowance for doubtful accounts		-	-	(277,454)	(318,628)
Other selling expenses	28	-	1	(527,024)	(478,193)
General and administrative expenses		(54,326)	(64,467)	(1,657,307)	(1,470,759)
Depreciation and amortization		(5,264)	(8,535)	(163,946)	(141,633)
Other general and administrative expenses	28	(49,062)	(55,932)	(1,493,361)	(1,329,126)
Other operating expenses		-	(75)	(910,038)	181,086
Amortization of concession intangible asset		-	-	(355,352)	(318,331)
Other operating expenses	28	-	(75)	(554,686)	499,417
Income from electric energy services		(54,055)	(64,451)	10,260,915	9,740,387
Equity interests in subsidiaries, associates and joint ventures	13	5,636,482	5,225,740	318,708	490,530
		5,582,427	5,161,289	10,579,623	10,230,917
Financial income (expenses)	29				
Financial income		(261)	29,528	1,935,333	2,154,127
Financial expenses		(2,210)	(65,737)	(4,492,173)	(5,065,396)
		(2,470)	(36,209)	(2,556,840)	(2,911,269)
Profit before taxes		5,579,957	5,125,080	8,022,782	7,319,648
Social contribution		(13,054)	(5,851)	(668,553)	(561,078)
Income tax		(39,802)	(19,643)	(1,817,068)	(1,539,757)
		(52,856)	(25,494)	(2,485,621)	(2,100,835)
Profit for the year		5,527,101	5,099,586	5,537,162	5,218,813
Profit (loss) for the period attributable to owners of the Company				5,527,101.00	5,099,586.00
Profit (loss) for the period attributable to noncontrolling interests				10,061.00	119,227.00
Earnings per share attributable to owners of the Company (R\$):	25			4.80	4.43

The accompanying notes are an integral part of these financial statements



CPFL Energia S.A.
Statement of comprehensive income for the years ended December 31, 2023 and 2022
(in thousands of Brazilian Reais)

	Parent company	
	2023	2022
Profit for the year	5,527,101	5,099,586
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Comprehensive income for the period of subsidiaries	(358,968)	706,371
Total comprehensive income for theyear	5,168,133	5,805,957
	Consolidated	
	2023	2022
Profit for the year	5,537,162	5,218,813
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
- Actuarial gains (losses), net of tax effects	(358,015)	717,369
- Credit risk in fair value measurement of financial liabilities	(953)	(11,479)
Total comprehensive income for the year	5,178,194	5,924,703
Attributable to owners of the Company	5,168,133	5,805,957
Attributable to noncontrolling interests	10,061	118,747

The accompanying notes are an integral part of these financial statements



CPFL Energia S.A.
Statement of changes in the shareholder equity for the years ended December 31, 2023 and 2022
(in thousands of Brazilian Reais)

	Earnings reserves					Accumulated comprehensive income				Non-controlling interests			
	Issued capital	Capital reserve	Legal reserve	Statutory reserve / Working capital	Reserve for unrealized profits	Dividend	Deemed cost	Private pension plan / Credit risk in fair value measurement	Retained earnings	Total	Accumulated comprehensive income	Other equity components	Total equity
Balance at December 31, 2021	9,388,071	(1,646,145)	1,455,685	4,072,689	-	3,735,932	301,237	(2,161,267)	-	15,146,202	4,724	1,654,954	16,805,879
Total comprehensive income	-	-	-	-	-	-	-	706,371	5,099,586	5,805,957	-	118,747	5,924,703
Profit for the year	-	-	-	-	-	-	-	-	5,099,586	5,099,586	-	119,227	5,218,813
Other comprehensive income - credit risk in fair value measurement	-	-	-	-	-	-	-	(10,999)	-	(10,999)	-	(480)	(11,479)
Other comprehensive income - actuarial gains (losses)	-	-	-	-	-	-	-	717,369	-	717,369	-	-	717,369
Internal changes in equity	-	-	254,979	767,405	1,683,741	-	(27,124)	-	(2,679,000)	-	(1,778)	1,778	-
Realization of deemed cost of property, plant and equipment	-	-	-	-	-	-	(41,097)	-	41,097	-	(2,693)	2,693	-
Tax effect on realization of deemed cost	-	-	-	-	-	-	13,973	-	(13,973)	-	916	(916)	-
Non-current assets	-	-	254,979	-	-	-	-	-	(254,979)	-	-	-	-
Constitution/Reversal of profit reserve of the year	-	-	-	767,405	1,683,741	-	-	-	(2,451,145)	-	-	-	-
Capital transactions with owners	-	249,807	-	-	-	(2,524,781)	-	-	(2,420,586)	(4,695,559)	-	(495,081)	(5,190,638)
Business combination	-	-	-	-	-	-	-	-	-	-	-	1,026,283	1,026,283
Gain (loss) on interest in subsidiaries with no change in control	-	249,807	-	-	-	-	-	-	-	249,807	-	(1,379,460)	(1,129,653)
Additional proposed dividend	-	-	-	-	-	1,211,152	-	-	(1,211,152)	-	-	-	-
Unpaid dividend	-	-	-	-	-	-	-	-	1,718	1,718	-	-	1,718
Dividend proposal approved	-	-	-	-	-	(3,735,932)	-	-	(1,211,152)	(4,947,084)	-	(141,902)	(5,088,986)
Balance at December 31, 2022	9,388,071	(1,396,339)	1,710,665	4,840,094	1,683,741	1,211,152	274,113	(1,454,897)	-	16,256,599	2,946	1,280,399	17,539,944
Total comprehensive income	-	-	-	-	-	-	-	(358,968)	5,527,101	5,168,133	-	10,061	5,178,194
Profit for the year	-	-	-	-	-	-	-	-	5,527,101	5,527,101	-	10,061	5,537,162
Other comprehensive income - credit risk in fair value measurement	-	-	-	-	-	-	-	(953)	-	(953)	-	-	(953)
Other comprehensive income - net actuarial gains (losses)	-	-	-	-	-	-	-	(358,015)	-	(358,015)	-	-	(358,015)
Internal changes in equity	-	-	166,949	1,699,527	520,445	-	(26,612)	-	(2,360,310)	-	(1,778)	3,557	1,780
Realization of deemed cost of property, plant and equipment	-	-	-	-	-	-	(40,321)	-	40,321	-	(2,693)	2,693	-
Tax effect on realization of deemed cost	-	-	-	-	-	-	13,709	-	(13,709)	-	916	(916)	-
Recognition of legal reserve	-	-	166,949	-	-	-	-	-	(166,949)	-	-	-	-
Constitution/Reversal of profit reserve of the year	-	-	-	1,699,527	520,445	-	-	-	(2,219,973)	-	-	-	-
Other changes in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	1,780	1,780
Capital transactions with owners	-	(568)	-	(902,628)	-	1,524,720	-	-	(3,166,790)	(2,545,266)	-	(175,900)	(2,721,166)
Capital increase (decrease)	-	-	-	-	-	-	-	-	-	-	-	(4,284)	(4,284)
Gain (loss) on interest in subsidiaries with no change in control	-	(568)	-	-	-	-	-	-	-	(568)	-	1,190	622
Dividend	-	-	-	-	-	-	-	-	(437,410)	(437,410)	-	-	(437,410)
Unpaid dividend	-	-	-	-	-	-	-	-	6,491	6,491	-	-	6,491
Dividend proposal approved	-	-	-	(902,628)	-	(1,211,152)	-	-	-	(2,113,779)	-	(172,805)	(2,286,585)
Additional proposed dividend	-	-	-	-	-	2,735,872	-	-	(2,735,872)	-	-	-	-
Balance at December 31, 2023	9,388,071	(1,396,906)	1,877,614	5,636,993	2,204,186	2,735,872	247,502	(1,813,865)	-	18,879,467	1,167	1,118,120	19,998,753

The accompanying notes are an integral part of these financial statements.



Statement of cash flow for the years ended December 31, 2023 and 2022
(in thousands of Brazilian Reais)

	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Profit before taxes	5,579,957	5,125,080	8,022,782	7,319,648
Adjustment to reconcile profit to cash from operating activities				
Depreciation and amortization	5,264	8,536	2,249,618	2,031,445
Provision for tax, civil and labor risks	1,580	1,342	350,698	286,854
Allowance for doubtful accounts	-	-	277,454	318,628
Interest on debts, monetary adjustment and exchange rate changes	(6,405)	37,640	2,331,084	2,251,999
Pension plan expense (income)	-	-	163,307	337,904
Equity interests in subsidiaries, associates and joint ventures	(5,636,482)	(5,225,740)	(318,708)	(490,530)
Fair value adjustment in investment	-	-	49,607	(640,305)
Loss (gain) on disposal of Non-current assets	-	75	135,818	177,994
Impairment	-	-	334,193	-
Other	-	-	(834,325)	259,943
	(56,086)	(53,067)	12,761,527	11,853,578
Decrease (increase) in operating assets				
Consumers, concessionaires and licensees	-	-	(1,347,403)	143,763
Dividend and interest on capital received	2,008,135	4,954,728	361,259	497,788
Taxes recoverable	81,653	(27,236)	2,719,583	637,307
Escrow deposits	16	133	(27,029)	207,187
Sector financial asset	-	-	47,323	1,086,503
Receivables - CDE	-	-	(120,140)	(26,978)
Transmission asset additions	-	-	(582,062)	(618,773)
Other operating assets	430	(14,408)	852,357	555,191
Increase (decrease) in operating liabilities				
Trade payables	(126)	228	407,795	(1,056,152)
Other taxes and social contributions	(10,376)	12,870	578,910	(827,748)
Other liabilities with private pension plan	-	-	(668,047)	(662,297)
Regulatory charges	-	-	91,908	(468)
Tax, civil and labor risks paid	(1,464)	(1,287)	(273,370)	(223,587)
Sector financial liability	-	-	(1,491,045)	59,778
Payables - CDE	-	-	(10,865)	6,481
Other operating liabilities	(3,511)	16,966	(205,213)	522,755
Cash flows provided (used) by operations	2,018,671	4,888,927	13,095,487	12,154,327
Interest paid on debts and debentures	-	-	(1,862,324)	(1,462,558)
Income tax and social contribution paid	(63,842)	(10,693)	(2,333,246)	(1,711,643)
Cash flows provided (used) by operations activities	1,954,829	4,878,234	8,899,917	8,980,126
Investing activities				
Capital increase of shareholders	1,384,100	-	53,344	266,606
Cash increase resulting from corporate restructuring	-	-	-	147,351
Business combinations net of cash acquired	-	-	-	(1,171,236)
Purchases of property, plant and equipment	(2,841)	(1,500)	(678,203)	(374,332)
Purchases of contract asset	-	-	(3,792,884)	(4,790,932)
Purchases and construction of intangible assets	-	(45)	(20,059)	(21,371)
Securities, pledges and restricted deposits - investment	-	-	(1,865,075)	(1,152,057)
Securities, pledges and restricted deposits - redemption	-	-	1,662,084	836,940
Advances for future capital increases	(59,000)	(1,043,120)	-	-
Intragroup loans to subsidiaries	-	(9,104)	-	-
Receiving of intragroup loans from subsidiaries	20,326	138,422	-	-
Net cash generated by (used) In investing activities	1,342,585	(915,347)	(4,640,793)	(6,259,031)
Financing activities				
Capital decrease (increase) in existing equity interest	-	-	(3,716)	-
Borrowings and debentures raised	-	-	5,309,802	11,391,854
Repayment of principal of borrowings and debentures	-	-	(4,640,411)	(8,208,406)
Repayment of derivatives	-	(57,695)	(665,304)	(485,998)
Dividend and interest on capital paid	(3,314,719)	(3,724,378)	(3,570,467)	(3,872,339)
Net cash generated by (used in) financing activities	(3,314,719)	(3,782,073)	(3,570,096)	(1,174,889)
Net increase (decrease) in cash and cash equivalents	(17,305)	180,814	689,028	1,546,205
Cash and cash equivalents at the beginning of the year	189,100	8,287	3,746,158	2,199,952
Cash and cash equivalents at the end of the year	171,795	189,100	4,435,186	3,746,158

The accompanying notes are an integral part of these financial statements.



CPFL Energia S.A.
Statements of value added for the years ended December 31, 2023 and 2022
(in thousands of Brazilian Reais)

	Parent company		Consolidated	
	2023	2022	2023	2022
1. Revenues	3,140	1,340	56,904,986	54,959,613
1.1 Operating revenues	298	99	52,051,285	49,293,928
1.2 Revenues related to the construction of own assets	2,841	1,241	460,263	627,638
1.3 Revenue from infrastructure construction of the concession	-	-	4,670,893	5,356,676
1.4 Allowance for doubtful accounts	-	-	(277,454)	(318,628)
2. (-) Inputs	(19,105)	(30,015)	(27,519,577)	(27,744,819)
2.1 Electricity Purchased for Resale	-	-	(20,252,398)	(20,204,658)
2.2 Material	(3,009)	(1,755)	(2,877,356)	(3,655,761)
2.3 Outsourced Services	(12,238)	(24,867)	(2,684,297)	(3,010,690)
2.4 Other	(3,857)	(3,393)	(1,705,525)	(873,711)
3. Gross added value (1 + 2)	(15,965)	(28,675)	29,385,409	27,214,794
Non-current assets				
4. Retentions	(5,264)	(8,536)	(2,253,407)	(2,038,567)
4.1 Depreciation and amortization	(5,264)	(8,536)	(1,898,055)	(1,720,235)
4.2 Amortization of intangible assets of the concession	-	-	(355,352)	(318,331)
5. Net added value generated (3 + 4)	(21,229)	(37,210)	27,132,002	25,176,227
6. Added value received in transfer	5,661,216	5,275,085	2,332,015	2,764,652
6.1 Financial Income	24,734	49,345	2,013,306	2,274,122
6.2 Equity interests in subsidiaries, associates and joint ventures	5,636,482	5,225,740	318,709	490,530
7. Added value to be distributed (5 + 6)	5,639,987	5,237,874	29,464,017	27,940,879
8. Distribution of added value				
8.1 Personnel and Charges	32,972	30,394	2,202,329	2,235,835
8.1.1 Direct Remuneration	13,039	11,382	1,254,428	1,178,292
8.1.2 Benefits	18,684	17,845	832,580	944,017
8.1.3 Government severance indemnity fund for employees - F.G.T.S.	1,249	1,167	115,321	113,527
8.2 Taxes, Fees and Contributions	83,969	50,541	17,125,831	15,311,474
8.2.1 Federal	83,867	50,458	11,020,573	9,477,863
8.2.2 Estate	101	83	6,054,139	5,786,159
8.2.3 Municipal	-	-	51,119	47,453
8.3 Interest and Rentals	(4,055)	57,354	4,598,695	5,174,755
8.3.1 Interest	2,208	65,735	4,523,152	5,107,758
8.3.2 Rental	(6,262)	(8,381)	75,543	66,997
8.4 Interest on capital	5,527,101	5,099,586	5,537,162	5,218,813
8.4.1 Dividend (including additional proposed)	3,173,282	2,422,303	3,346,087	2,564,205
8.4.2 Retained Earnings	2,353,819	2,677,283	2,191,075	2,654,608
	5,639,987	5,237,874	29,464,017	27,940,879

The accompanying notes are an integral part of these financial statements.

CPFL ENERGIA S.A.
NOTES TO THE FINANCIAL STATEMENTS
AT DECEMBER 31, 2023 AND 2022

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

(1) OPERATIONS

CPFL Energia S.A. (“CPFL Energia” or “the Company”) is a publicly-held corporation incorporated for the principal purpose of operating as a holding company, with equity interests in other companies primarily engaged in electric energy distribution, generation, transmission and commercialization activities in Brazil.

The Company’s registered office is located at Rua Jorge Figueiredo Corrêa, nº 1.632, Jardim Professora Tarcília, CEP 13087-397 – Campinas - SP - Brazil.

The Company has direct and indirect interests in the following subsidiaries and joint-ventures:

Energy distribution	Company type	Equity interest	Location / Concession Area (state)	Number of municipalities	Approximate number of consumers (in thousands)	Concession period	End of the concession
Companhia Paulista de Força e Luz (“CPFL Paulista”)	Publicly-held corporation	Direct 100%	Interior of São Paulo	234	4,952	30 years	November 2027
Companhia Piratininga de Força e Luz (“CPFL Piratininga”)	Publicly-held corporation	Direct 100%	Interior and coast of São Paulo	27	1,942	30 years	October 2028
RGE Sul Distribuidora de Energia S.A. (“RGE”)	Publicly-held corporation	Direct and Indirect 100%	Interior of Rio Grande do Sul	381	3,103	30 years	November 2027
Companhia Jaguarí de Energia (“CPFL Santa Cruz”)	Privately-held corporation	Direct 100%	Interior of São Paulo, Paraná and Minas Gerais	45	504	30 years	July 2045

Energy generation	Company type	Equity interest	Location (state)	Number of plants / type of energy	Installed power (MW)	
					Total	CPFL share
CPFL Energias Renováveis S.A. (“CPFL Renováveis”)	Publicly-held corporation	Direct 100%	(b)	(b)	(b)	(b)
CPFL Geração de Energia S.A. (“CPFL Geração”)	Publicly-held corporation	Direct 100%	São Paulo	n/a	n/a	n/a
CERAN - Companhia Energética Rio das Antas (“CERAN”)	Privately-held corporation	Indirect 65%	Rio Grande do Sul	3 usinas hidrelétricas	360	234
Foz do Chapecó Energia S.A. (“Foz do Chapecó”)	Privately-held corporation	Indirect 51% (c)	Santa Catarina e Rio Grande do Sul	1 usina hidrelétrica	855	436
Campos Novos Energia S.A. (“ENERCAN”)	Privately-held corporation	Indirect 52.12% (d)	Santa Catarina	1 usina hidrelétrica	880	460
BAESA - Energética Barra Grande S.A. (“BAESA”)	Privately-held corporation	Indirect 25.01%	Santa Catarina e Rio Grande do Sul	1 usina hidrelétrica	690	173
Centrais Elétricas da Paraíba S.A. (“EPASA”)	Privately-held corporation	Indirect 53.34%	Paraíba	2 usinas termelétricas	342	182
Paulista Lajeado Energia S.A. (“Paulista Lajeado”)	Privately-held corporation	Indirect 56.93% (a)	Tocantins	1 usina hidrelétrica	903	38

Energy transmission	Company type	Equity interest	Location (state)
CPFL Transmissão de Energia Piracicaba Ltda (“CPFL Piracicaba”)	Limited liability company	Indirect 100%	São Paulo
CPFL Transmissão de Energia Morro Agudo Ltda (“CPFL Morro Agudo”)	Limited liability company	Indirect 100%	São Paulo
CPFL Transmissão de Energia Maracanaú Ltda (“CPFL Maracanaú”)	Limited liability company	Indirect 100%	Ceará
CPFL Transmissão de Energia Sul I Ltda (“CPFL Sul I”)	Limited liability company	Indirect 100%	Santa Catarina
CPFL Comercialização de Energia Cone Sul Ltda (“CPFL Cone Sul”)	Limited liability company	Indirect 100%	São Paulo
CPFL Transmissão de Energia Sul II Ltda (“CPFL Sul II”)	Limited liability company	Indirect 100%	Rio Grande do Sul
Companhia Estadual de Transmissão de Energia Elétrica – CEEE-T (“CPFL Transmissão”)	Privately-held corporation	Indirect 100%	Rio Grande do Sul
Transmissora de Energia Sul Brasil S.A. (“CPFL TESB”)	Privately-held corporation	Indirect 97.77%	Rio Grande do Sul
Transmissora Porto Alegrense S.A. - (“CPFL TPAE”)	Privately-held corporation	Indirect 9.65%	Rio Grande do Sul
Empresa de Transmissão do Alto Uruguai S.A. - (“CPFL ETAU”)	Privately-held corporation	Indirect 10%	Rio Grande do Sul

Energy commercialization	Company type	Core activity	Equity interest
CPFL Comercialização Brasil S.A. ("CPFL Brasil")	Privately-held corporation	Energy commercialization	Direct 100%
Clion Assessoria e Comercialização de Energia Elétrica Ltda ("CPFL Meridional")	Limited liability company	Commercialization and provision of energy services	Indirect 100%
CPFL Planalto Ltda ("CPFL Planalto")	Limited liability company	Energy commercialization	Direct 100%
CPFL Brasil Varejista de Energia Ltda ("CPFL Brasil Varejista")	Limited liability company	Energy commercialization	Indirect 100%
Provision of services	Company type	Core activity	Equity interest
CPFL Serviços, Equipamentos, Indústria e Comércio S.A. ("CPFL Serviços")	Privately-held corporation	Manufacturing, commercialization, rental and maintenance of electro-mechanical equipment and service provision	Direct 100%
Nect Serviços Administrativos de Infraestrutura Ltda ("CPFL Infra")	Limited liability company	Provision of infrastructure and fleet services	Direct 100%
Nect Serviços Administrativos de Recursos Humanos Ltda ("CPFL Pessoas")	Limited liability company	Provision of human resources services	Direct 100%
Nect Serviços Administrativos Financeiros Ltda ("CPFL Finanças")	Limited liability company	Provision of financial services	Direct 100%
Nect Serviços Adm de Suprimentos E Logística Ltda ("CPFL Supre")	Limited liability company	Supply and logistics services	Direct 100%
CPFL Atende Centro de Contatos e Atendimento Ltda ("CPFL Atende")	Limited liability company	Provision of call center services	Direct 100%
CPFL Total Serviços Administrativos S.A. ("CPFL Total")	Privately-held corporation	Collection services	Indirect 100%
TI Nect Serviços de Informática Ltda ("Authi")	Limited liability company	Provision of IT services	Direct 100%
Alesta Sociedade de Crédito Direto S.A. ("Alesta")	Privately-held corporation	Financial services	Direct 100%
Others	Company type	Core activity	Equity interest
CPFL Jaguari de Geração de Energia Ltda ("Jaguari Geração")	Limited liability company	Holding company	Direct 100%
Chapecoense Geração S.A. ("Chapecoense")	Privately-held corporation	Holding company	Indirect 51%
Sul Geradora Participações S.A. ("Sul Geradora")	Privately-held corporation	Holding company	Indirect 99.95%
CPFL Telecomunicações Ltda ("CPFL Telecom")	Limited liability company	Telecommunication services	Direct 100%

a) Paulista Lajeado holds a 7% interest in the installed power of Investco S.A. (5.94% interest in total capital).

b) CPFL Renováveis has operations in the states of São Paulo, Minas Gerais, Mato Grosso, Santa Catarina, Ceará, Rio Grande do Norte, Paraná, Rio Grande do Sul and Goiás and its main activities are: (i) holding investments in companies of the renewable energy segment; (ii) identification, development, and exploration of generation potentials; and (iii) sale of electric energy. At December 31, 2023, CPFL Renováveis had a portfolio of 108 enterprises with 3,1 GW of installed capacity (3,090.4 MW in operation):

- Hydropower generation: 47 small hydroelectric plants and central hydroelectric generators - SHPs/CHGs (485 MW) with 46 SHPs/CHGs in operation (457.1 MW) and 1 SHP under construction/development (28 MW), 3 hydroelectric power plants - HPP in operation (848 MW - 51.54% of the assured energy and power of the Serra da Mesa hydropower plant, which concession is owned by Furnas, 25.01% of BAESA - Energética Barra Grande S.A. "BAESA" and 100% of Rio do Peixe);
- Wind power generation: 49 projects (1,390.2 MW);
- Biomass power generation: 7 plants in operation (370 MW);
- Solar power generation: 1 solar plant in operation (1.1 MW).

c) The joint venture Chapecoense has as its direct subsidiary Foz do Chapecó and fully consolidates its financial statements.

d) The Group took control of Campos Novos Energia S.A. ("ENERCAN") on November 17, 2022, after the acquisition of 3.39% of the subsidiary's share capital, when it became the holder of a 52.12% shareholding (previously 48.72% and jointly controlled, recorded using the equity method of accounting until the date of change of control). For more details see note 13.4.

1.1 Climate Changes

As our Statement on Climate Change, CPFL Energia declares its commitment to the objectives of the Paris Agreement and the need to limit the increase in global average temperature to 1.5°C, with the consequent reduction and neutralization of greenhouse gas emissions (GHG).

Annually, the Company carries out the GHG Emissions Inventory and makes measurements and disclosure in the three scopes of the inventory, which are:

- Scope 1: Direct emissions that belong to or are controlled by the company;
- Scope 2: Indirect emissions related to the purchase of electricity and technical losses from energy distribution and transmission
- Scope 3: Indirect emissions related to the value chain.

The Company includes in its strategy its ESG Plan 2030 (Environmental, Social and Governance), which defines the guidelines for all businesses and gives directions to the realization of investments aligned with global trends for sustainable development. The structure of the plan considers three main commitments related to the decarbonization of operations: (i) generate 100% renewable energy by 2030; (ii) be carbon neutral from 2025¹, reducing 56% of emissions from scopes 1, 2 and 3 by 2030; and (iii) offer low-carbon solutions to our customers, with annual revenue targets for IRECs (international renewable energy certificates) and carbon credits.

In the publication “Our Journey Against Climate Change”, CPFL discloses its strategies, risks and opportunities for the Company, in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) methodology.

¹ Neutralization in 2026 regarding the 2025 GEE inventory.

1.2 Negative net working capital

As of December 31, 2023, the consolidated financial statement presented negative net working capital in the amount of R\$1,710,755, mainly due to contractual maturities of a loan with a group company, which are under evaluation for possible renewal. The Group monitors constantly the net working capital and its cash generation to pay off its debts, including dividends, as well as cash flow projections, supporting and enabling the plan to reduce or reverse this net working capital.

(2) PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of preparation

The individual (Parent Company) and consolidated financial statements have been prepared and are being presented in accordance with the International Financial Reporting Standards – IFRS, issued by the International Accounting Standard Board – IASB, and also in accordance with accounting practices adopted in Brazil (BR GAAP).

Accounting practices adopted in Brazil encompass those included in Brazilian corporate law and the technical pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee (Comitê de Pronunciamentos Contábeis – CPC) and approved by the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários – CVM).

The Company and its subsidiaries (“the Group”) also follows the guidelines of the Accounting Manual of the Brazilian Electricity Sector and the standards laid down by the Brazilian Electricity Regulatory Agency (Agência Nacional de Energia Elétrica – ANEEL), when these do not conflict with the accounting practices adopted in Brazil and/or International Financial Reporting Standards.

Management states that all material information of the financial statements, and only this information, is disclosed and corresponds to what is used in the Group’s management.

The financial statements were authorized for issue on February 26, 2024.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items, which are measured at each reporting date and recorded in the statements of financial position: i) derivative financial instruments measured at fair value and ii) non derivative financial instruments measured at

fair value through profit or loss. The classification of the fair value measurement in the level 1, 2 or 3 categories (depending on the degree of observance of the variables used) is presented in note 34 – financial instruments.

2.3 Use of estimates and judgments

The preparation of the financial statements requires the Group's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

By definition, the accounting estimates may differ from the actual results. Accordingly, the Group's management review the estimates and assumptions on an ongoing basis, based on previous experience and other relevant factors. Adjustments resulting from revisions to accounting estimates are recognized in the period in which the estimates are revised and applied on a prospective basis.

The main accounts that require the adoption of estimates and assumptions, which are subject to a greater degree of uncertainty and may result in a material adjustment if these estimates and assumptions suffer significant changes in subsequent periods, are:

- Note 7– Consumers, concessionaires and licensees (allowance for doubtful debts: main assumptions in relation to the expectation of expected credit loss and assumptions for measuring the supply and tariff for use of the distribution system ("TUSD") not invoiced);
- Note 9 – Sector financial assets and liabilities (regulatory criteria and assumptions on certain items);
- Note 10 – Deferred tax assets and liabilities (asset recognition: availability of future taxable income against which tax losses can be used);
- Note 11 – Concession financial asset (assumptions for determining the fair value based on significant unobservable data, see Note 34);
- Note 12 – Other assets (allowance for doubtful accounts: main assumptions regarding expected credit losses);
- Note 13.4 - Business combination (main assumptions for determining fair value);
- Note 14 – Property, plant and equipment (application of estimated useful lives and main assumptions in relation to recoverable amounts);
- Note 15 – Contract assets (main assumptions regarding recoverable amounts);
- Note 16 – Intangible assets (main assumptions regarding recoverable amounts);
- Note 18 – Loans and financing (main assumptions for determining fair value);
- Note 19 – Debentures (main assumptions for determining fair value);
- Note 20 – Private pension plan (main actuarial assumptions in measuring defined benefit obligations);
- Note 21 - Taxes, fees and contributions payable (uncertainties about income taxes);
- Note 22 – Provisions for tax, civil and labor risks and escrow deposits (recognition and measurement: main assumptions about the probability and magnitude of outflows); and
- Note 34 - Financial Instruments - derivatives (main assumptions for determining fair value).

In addition, Management exercises significant judgment in determining the assumptions used in measuring of lease liabilities, such as determining the term of the various lease agreements, discount rates, determining the agreements that are within the scope of the standard and the impacts of any changes in the assumptions associated with the judgments and estimates adopted by the Company and its subsidiaries.

2.4 Functional currency and presentation currency

The Group's functional currency is the Brazilian Real, and the individual and consolidated financial statements are being presented in thousands of reais. Figures are rounded only after the amounts have been totalled. Consequently, when totalled, the amounts stated in thousands of reais may not tally with the rounded totals.

2.5 Segment information

An operating segment is a component of the Company (i) that engages in operating activities from which it earns revenues and incurs expenses, (ii) whose operating results are regularly reviewed by Management to make decisions about resources to be allocated and assess the segment's performance, and (iii) for which individual financial information is available.

The Group's officers use reports to make strategic decisions, segmenting the business into: (i) electric energy distribution activities ("Distribution"); (ii) electric energy generation ("Generation"); (iii) electric energy transmission ("Transmission"); (iv) energy commercialization ("Commercialization"); (v) service activities ("Services"); and (vi) other activities not listed in the previous items.

2.6 Information on equity interests

The Company's equity interests in direct and indirect subsidiaries and joint ventures are described in note 1. Except for (i) the companies BAESA, Chapecoense, EPASA, TPAE and ETAU which use the equity method of accounting, (ii) the non-controlling interest in the subsidiary Paulista Lajeado (related to investment in Investco S.A), and CPFL Transmissão (related to investment in Centrais Elétricas S.A. - Eletrosul), all other entities are fully consolidated.

At December 31, 2023 and 2022 the non-controlling interests in the consolidated balances refer to interests held by third parties in subsidiaries CERAN, Paulista Lajeado, not wholly-owned subsidiaries of CPFL Renováveis, TESB and ENERCAN.

2.7 Statement of value added

The Company has prepared the individual and consolidated statements of value added ("DVA") in conformity with technical pronouncement CPC 09 - Statement of Value Added, which are presented as an integral part of the financial statements in accordance with accounting practices adopted in Brazil and as supplementary information to the financial statements in accordance with IFRS, as this statement is neither provided for nor required by IFRS.

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these individual and consolidated financial statements are described below. These policies have been consistently applied in all reporting periods.

3.1 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents include negative balances of overdraft accounts that are immediately payable and are an integral part of the Group's cash management.

Cash and cash equivalents comprise the balances of cash and financial investments with original maturities of three months or less from the contract date, which are subject to an insignificant risk of change in fair value at the settlement date and are used by the Group in the management of short-term obligations.

The purpose of determining the components of the company's cash and cash equivalents is to maintain sufficient cash to ensure the continuity of investments and the fulfillment of short- and long-term obligations, maintaining the return on its capital structure at appropriate levels aimed at business continuity and increased value for shareholders and investors.

3.2 Concession agreements

Distribution subsidiaries:

ICPC 01 (R1) and IFRIC 12 – Service Concession Arrangements establish general guidelines for the recognition and measurement of obligations and rights related to concession agreements and apply to situations in which the granting authority controls or regulates which services the concessionaire should provide with infrastructure, to whom the services should be provided and at what price, and controls any significant residual interest in the infrastructure at the end of the concession period.

When these definitions are met, the infrastructure of distribution concessionaires is segregated at the time of construction in accordance with the CPC and IFRS requirements, so that the following are recognized in the

financial statements (i) an intangible asset corresponding to the right to operate the concession and collect from the users of public utilities, and (ii) a financial asset corresponding to the unconditional contractual right to receive cash (indemnity) by transferring control of the assets at the end of the concession.

The concession financial asset of distribution is measured at fair value, determined in accordance with the remuneration base for the concession assets, pursuant to the legislation in force established by the regulatory authority (ANEEL), and takes into consideration changes in the fair value, mainly based on factors such as new replacement value, and adjustment for IPCA (Extended Consumer Price Index) to the subsidiaries of the distribution segment. The financial asset of distribution is classified at fair value through profit or loss, with the corresponding fair value changes entry in an operating income/expense account in the statement of profit or loss for the year (notes 4 and 26).

The remaining amount is recognized as an intangible asset and relates to the right to charge consumers for electric energy distribution services and is amortized in accordance with the consumption pattern that reflects the estimated economic benefit to the end of the concession.

Considering that (i) the tariff model does not provide for a profit margin for the infrastructure of discos construction services, (ii) the way in which the subsidiaries manage the constructions by using a high level of outsourcing, and (iii) the fact that there is no provision for profit margin on construction in the Group's business plans, Management is of the opinion that the margins on this operation are irrelevant, and therefore no mark-up to the cost is considered in revenue. The construction revenues and costs are therefore presented in the statement of profit or loss for the year in the same amounts.

The provision of infrastructure construction services is recorded in accordance with CPC 47 - Revenue from Contracts with Customers, with a financial asset as counterpart, corresponding to amounts subject to compensation, and the residual amounts are classified as intangible assets, which will be amortized for the concession period, in accordance with the economic standard that offsets the revenue charged for electricity consumption.

Transmission subsidiaries:

The Group's transmission companies are responsible for constructing and operating the transmission infrastructure in order to carry the energy from the generation centers to the distribution points, according to their concession arrangements.

The energy transmission company has the obligation to maintain its transmission infrastructure available to its users to guarantee the receipt of the Permitted Annual Revenue (RAP) during the concession agreement term. Potential unamortized investments generate the right to indemnity at the end of the concession arrangement.

The transmission infrastructure is classified as a contract asset. The right to consideration for goods and services is subject to the satisfaction of performance obligations, investments in construction and improvements and not only to the passage of time.

Based on the Concession Agreements and in compliance with the requirements of Technical Pronouncement CPC 47 - Revenue from Customer Agreement and CPC 48 (IFRS 9) - Financial Instruments guided by Circular Letter No. 04 published by CVM on December 1, 2020, the Company assigned margins for the recognition of revenue from construction and infrastructure operation and maintenance, as well as the rate used to remunerate the concession contracts, which must correspond to the implicit rate remaining for each project, after allocating the respective margins.

In compliance with accounting requirements and in accordance with its accounting policies the Company clarifies that:

- i. It assigned expected construction margins between 5% and 29%, before taxes, and operation and maintenance of 45% at the beginning of each project for the recognition of the respective revenues. In relation to indemnity contracts, as they are exclusively about indemnification and not construction of assets, no margins are recognized.
- ii. The monetary restatement of the contractual asset recognized at the implicit rate is established at the beginning of each project after the allocation of construction and operating margins. The implicit rate that remunerates the contract asset varies between 4% p.a. and 13% p.a.
- iii. The Company monitors the return on its transmission investments and currently the nominal pre-tax rate expected for its projects varies between 12% p.a. and 16% p.a.

3.3 Financial Instruments

- Financial Assets

Financial assets are recognized initially on the date that they are originated or on the trade date at which the Company or its subsidiaries become parties to the contractual provisions of the instrument. Derecognition of a financial asset occurs when the contractual rights to the cash flows from the asset expire or when the risks and rewards of ownership of the financial asset are transferred.

Subsequent Measurement and gains and losses:

Financial assets measured at fair value through profit or loss (FVTPL): these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost: these assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt instruments at fair value through other comprehensive income (FVOCI): these assets are subsequently measured at fair value. Net gains and losses are recognized in other comprehensive income, except for interest income calculated using the effective interest method, foreign exchange gains and losses and impairment, which are recognized in profit or loss. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss. The Group does not hold financial assets under this classification.

Equity instruments at fair value through other comprehensive income: these assets are subsequently measured at fair value. All gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss, except dividends which are recognized as income in profit or loss (unless the dividend clearly represents a recovery of part of the cost of the investment). The Group holds no financial assets of this classification.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost: A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL.

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are related solely to payments of principal and interest on the principal amount outstanding.

Fair value through other comprehensive income (FVOCI): A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see note 34). On initial recognition, the Group may irrevocably designate a non-derivative financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to

management. The information considered includes the stated policies and objectives for the portfolio and the operation of those policies in practice. These include:

- whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss.

Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. based on the performance of an asset).

For transactions involving the purchase and sale of energy by the commercialization subsidiaries, the Group has an accounting policy defined according to the business strategy with instruments measured at amortized cost, which refer to agreements already entered into and still held with the purpose of receipt or delivery of energy in accordance with the requirements by the company related to purchase or sale. The transactions are usually long term and are never settled by the net cash amount or with another financial instrument and, even if some contracts have a certain flexibility, the strategy of the Group's portfolio is not changed for this reason.

- Financial liabilities

Financial liabilities are initially recognized on the date that they are originated or on the trade date at which the Company or its subsidiaries become a party to the contractual provisions of the instrument. The Group have the following main financial liabilities:

(i) Measured at fair value through profit or loss: these are financial liabilities that are: (i) held for trading, (ii) designated at fair value in order to match the effects of recognition of income and expenses to obtain more relevant and consistent accounting information, or (iii) derivatives. These liabilities are measured at fair value, which fair value changes recognized in profit or loss except for changes in fair value attributable to credit risk which are recognized in comprehensive income.

(ii) Measured at amortized cost: these are other financial liabilities not classified into the previous category. They are measured initially at fair value net of any cost attributable to the transaction and subsequently measured at amortized cost using the effective interest rate method.

Financial assets and liabilities are offset and presented at their net amount when there is a legal right to offset the amounts and the intent to realize the asset and settle the liability simultaneously.

The classifications of financial instruments (assets and liabilities) are described in note 34.

- Issued Capital

Common shares are classified as equity. Additional costs directly attributable to share issues and share options are recognized as a deduction from equity, net of any tax effects.

3.4 Inventories

Inventories are measured at the lower of cost and net realizable value and are segregated into different types, according to CPC 16 / IAS 2. The cost of inventories is valued using the average cost method.

3.5 Property, plant and equipment

Items of property, plant and equipment are measured at acquisition, construction or formation cost less accumulated depreciation and, if applicable, accumulated impairment losses. Cost also includes any other costs attributable to bringing the assets to the place and in a condition to operate as intended by Management, the cost of dismantling the items and restoring the site on which they are located and capitalized borrowing costs on qualifying assets.

The replacement cost of items of property, plant and equipment is recognized if it is probable that it will involve economic benefits for the subsidiaries and if the cost can be reliably measured, and the value of the replaced item is written off. Maintenance costs are recognized in profit or loss as they are incurred.

Depreciation is calculated on a straight-line basis, at annual rates of 2% to 20%, taking into consideration the estimated useful life of the assets, as instructed and defined by the Granting Authority.

Gains and losses on disposal/write-off of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognized net within other operating income/expenses.

Assets and facilities used in the electric generation, transmission and distribution activities are tied to these services and may not be removed, donated, disposed of, assigned or pledged in mortgage without the prior and express authorization of the ANEEL. The ANEEL, through Resolution No. 20 of February 3, 1999, amended by Normative Resolution ("REN") No. 691 of December 8, 2015, releases Public Electric Energy Utility concessionaires from prior authorization for release of assets of no use to the concession, but determines that the proceeds from the disposal be deposited in a restricted bank account for use in the acquisition of new assets related to electric energy services.

3.6 Intangible assets and Contract asset

Includes rights related to non-physical assets such as goodwill and concession exploitation rights, software and rights-of-way.

Goodwill that arises on the acquisition of subsidiaries is measured based on the difference between the fair value of the consideration transferred for acquisition of a business and the net fair value of the assets, adding the portion of noncontrolling interests and liabilities of the subsidiary acquired.

Goodwill is subsequently measured at cost less accumulated impairment losses. Goodwill and other intangible assets with indefinite useful lives, if any, are not subject to amortization and are tested annually for impairment.

Negative goodwill is recognized as a gain in the statement of profit or loss in the year of the business acquisition.

In the individual financial statements, fair value adjustments (value added) of net assets acquired in business combinations are included in the carrying amount of the investment and the amortization is classified in the individual statement of income as "equity interest in associates and joint ventures" in accordance with ICPC 09 (R2). In the consolidated financial statements, the amount is stated as intangible asset and its amortization is classified in the consolidated statement of profit and loss as "amortization of concession intangible asset" in other operating expense.

Intangible assets corresponding to the right to operate concessions may have three origins, as follows:

- (i) Acquisitions through business combinations: the portion arising from business combinations that corresponds to the right to operate the concession amortized in straight-line method over the remaining period of the concessions.
- (ii) Investments in infrastructure (application of ICPC01 (R1) and IFRIC 12 – Concession contracts) - in progress: under the electric energy distribution concession agreements with the subsidiaries, the recognized

intangible asset corresponds to the concessionaires' right to charge the consumers for use of the concession infrastructure. Since the exploration term is defined in the agreement, intangible assets with defined useful lives are amortized over the concession period in proportion to a curve that reflects the consumption pattern in relation to the expected economic benefits. For further information, see note 3.2.

Items comprised in the infrastructure are directly tied to the Company's electric energy distribution operation and shall comply with the same regulatory rules described in item 3.5.

(iii) Use of public asset: certain generation concessions were granted with the condition of payments to the federal government for use of public asset. On the signing date of the respective agreements, the Company's subsidiaries recognized intangible assets and the corresponding liabilities at present value. The intangible assets, capitalized by interest incurred on the obligation until the start-up date, are amortized on a straight-line basis over the remaining period of each concession.

3.7 Impairment

- Financial assets

The Group assesses evidence of impairment for certain receivables at both an individual and a collective level. Receivables that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

The Group recognizes impairment losses for ECLs on: (i) financial assets measured at amortized cost; (ii) debt investments measured at FVOCI, when applicable; and (iii) contract assets.

The Group measures impairment allowances, adopting the simplified method of recognizing, at an amount equal to lifetime, except for debt securities with low credit risk at the end of the reporting period, which are measured as 12-month ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating the expected credit losses, the Group considers a simplified approach of default assessment which consists in measuring the expected loss of a financial asset equivalent to the lifetime expected credit loss of an asset including reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when the borrower has not complied with its contractual payment obligations and is unlikely to pay its obligations.

The Group uses an allowance matrix based on its historical default rates observed along the expected lifetime of the trade receivables to estimate the expected credit losses for the lifetime of the asset where the history of losses is adjusted to consider the effects of the current conditions and its forecasts of future conditions that did not affect the period in which the historical data were based.

The methodology developed by the Group resulted in a percentage of expected loss for bills of consumers, concessionaires and licensees that is in compliance with IFRS 9 / CPC 48 described as expected credit losses, comprising in a single percentage the probability of loss weighted by the expected loss and possible results, that is, comprising the Probability of Default ("PD"), Exposure At Default ("EAD") and Loss Given Default ("LGD").

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI, when applicable, are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract clauses;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or

- the disappearance of an active market for a security because of financial difficulties.

Impairment losses related to consumers, concessionaires and licensees recognized in financial assets and other receivables, including contract assets, are recognized in profit or loss.

- Non-financial assets

Non-financial assets that have indefinite useful lives, such as goodwill, are tested annually for impairment to assess whether the asset's carrying amount does not exceed its recoverable amount. Other assets subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may be impaired.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount, which is the greater of (i) its fair value less costs to sell or (ii) its value in use.

The assets (e.g. goodwill, concession intangible asset) are segregated and grouped together at the lowest level that generates identifiable cash flows (the "cash-generating unit", or CGU). If there is an indication of impairment, the loss is recognized in profit or loss. Except in the case of goodwill impairment, which cannot be reversed in the subsequent period, impairment analysis are reassessed for any possibility of reversals.

3.8 Provisions

Provisions are recognized if, as a result of a past event, there is a legal or constructive obligation that can be estimated reliably, and it is probable (more likely than not) that an outflow of economic resources will be required to settle the obligation. When applicable, provisions are determined by discounting the expected future cash outflows at a rate that reflects current market assessment and the risks specific to the liability.

3.9 Employee benefits

Certain subsidiaries have post-employment benefits and pension plans, recognized, being considered sponsors of these plans. Although each plans has their particularities, its have the following characteristics:

- (i) Defined contribution plan: a post-employment benefit plan under which the Sponsor pays fixed contributions into a separate entity and will have no liability for the actuarial deficits of the plan. The obligations are recognized as an expense in the statement of profit or loss in the periods during which the services are rendered.
- (ii) Defined benefit plan: The net obligation is calculated as the difference between the present value of the actuarial obligation based on assumptions, biometric studies and interest rates in line with market rates, and the fair value of the plan assets as of the reporting date. The actuarial liability is calculated annually by independent actuaries, under the responsibility of Management, using the projected unit credit method. Actuarial gains and losses are recognized in other comprehensive income when they occur. Net interest (income or expense) is calculated by applying the discount rate at the beginning of the period to the net amount of the defined benefit asset or liability. When applicable, the cost of past services is recognized immediately in profit or loss.

If the plan records a surplus and it becomes necessary to recognize an asset, the recognition is limited to the present value of future economic benefits available in the form of reimbursements or future reductions in contributions to the plan.

3.10 Dividend and Interest on capital

Under Brazilian law, the Company is required to distribute the portion realized of the profit established in the Bylaws as a mandatory dividend, which cannot be less than 25% of the adjusted profit pursuant to item I of article 202 of law 6,404/76, or if the Bylaws are silent, distribute half of the adjusted profit as per the aforementioned item. A provision may only be made for the minimum mandatory dividend, and dividends declared but not yet approved are only recognized as a liability in the financial statements after approval by the competent body. According to Law 6.404/76, the amounts paid out to shareholders in excess of the mandatory minimum dividend, will therefore be held in equity, in the "additional dividend proposed" account, as they do not meet the present obligation criteria at the reporting date.

On May 21, 2019, updated on December 16, 2021, the Company's Board of Directors approved a Dividend Policy that establishes the Company's annual dividend distribution of at least 50% of the adjusted profit in accordance with Law 6,404/76. This policy establishes factors that influence the distribution amounts, such as the Company's financial condition, future prospects, macroeconomic conditions, tariff reviews and adjustments, regulatory changes and the Company's growth strategy. It also highlights that certain obligations

specified in financial contracts may limit the amount to be distributed. The approved policy is merely indicative in order to signal to the market the treatment the Company intends to give to the dividend distribution and, therefore, it has a programmatic nature and is not binding on the Company or its managing bodies.

As established in the Company's bylaws and in accordance with current Corporate law, the Board of Directors is responsible for declaring an interim dividend and interest on capital determined in a half-yearly statement of income. An interim of these amounts declared of June 30, if any, is only recognized as a liability in the Company's financial statement after the date of the Board of Directors' decision.

Interest on capital receives the same treatment as dividend and is also stated in changes in equity. The withholding income tax on interest on capital is always recognized as a charge to equity with a balancing item in liabilities upon the proposal for its payment, even if not yet approved, since it meets the criterion of obligation at the time of Management's proposal.

3.11 Revenue Recognition

The operating revenue in the normal course of the subsidiaries' activities is measured as the consideration received or receivable. The operating revenue is recognized when it represents the transfer (or promise) of goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

IFRS 15 / CPC 47 establishes a revenue recognition model that considers five steps: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Thus, revenue is recognized only when (or if) the performance obligation is satisfied, that is, when the "control" of the goods or services of a certain transaction is actually transferred to the customer.

The revenue from electric energy distribution is recognized when the energy is supplied. The energy distribution subsidiaries perform the reading of their customers consumption based on a reading routine (calendar and reading route) and invoice monthly the consumption of MWh based on the reading performed for each consumer. As a result, part of the energy distributed during the month is not billed at the end of the month and, consequently, an estimate is developed by Management and recorded as "unbilled". This unbilled revenue estimate is calculated using as a base the total volume of energy of each distributor made available in the month and the annualized rate of technical and commercial losses.

The revenue from energy generation sales is on the performance obligation that is satisfied on the basis of the value of the the assured energy and at tariffs specified in the terms of the supply contracts or the current market price, as appropriate.

The revenue from energy commercialization is recognized at the time when the performance obligation is met, that is, when energy is delivered from the bilateral contracts with market agents and properly registered with the CCEE - Electric Energy Commercialization Chamber.

The revenue from services provided is recognized during the provision of the service, under a service agreement between the parties.

The revenue from construction contracts is recognized based on the reach of the performance obligation over time, considering the fulfillment of one of the following criteria:

- (a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- (b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced;
- (c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The revenues of the transmission companies, recognized as operating revenue, are:

- Construction revenue: Refers to the services of construction of electric energy transmission facilities. These are recognized according to the percentage of completion of the construction works.
- Financing component: Refers to the interest recognized monthly under the accrual basis method on the amount receivable from the construction revenue.

- Revenue from operation and maintenance: Refers to the services of operation and maintenance of electric energy transmission facilities aimed at non-interruption of availability of these facilities, recognized based on incurred costs recognized monthly on an accrual basis.

No single consumer accounts for 10% or more of the Group's total revenue.

3.12 Income tax and social contribution

Income tax and social contribution expenses are calculated and recognized in accordance with the legislation in force and comprise current and deferred taxes. Income tax and social contribution are recognized in the statement of profit or loss except to the extent that they relate to items recognized directly in equity or other comprehensive income, when the net amounts of these tax effects are already recognized, and those arising from the initial recognition in business combinations.

Current taxes are the expected taxes payable or receivable or recoverable on the taxable profit or loss which reflects the uncertainties related to the calculation, if any. Deferred taxes are recognized for temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the equivalent amounts used for tax purposes and for tax loss carryforwards and reflects the uncertainty related to the income tax, if any.

Certain subsidiaries recognized in their financial statements the effects of tax loss carryforwards and temporarily nondeductible differences, based on projections of future taxable profits. The subsidiaries also recognized tax credits relating to the benefit of merged intangible, which are amortized on a straight-line basis over the remaining period of each concession agreement.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

Deferred income tax and social contribution assets are reviewed annually and are reduced to the extent that it is no longer probable that the related taxes benefit will be realized.

3.13 Earnings per share

Basic earnings per share are calculated by dividing the profit or loss for the year attributable to the controlling shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated by dividing the profit or loss for the year attributable to the controlling shareholders, adjusted by the effects of instruments that potentially would have impacted the profit or loss for the year by the weighted average of the number of shares outstanding, adjusted by the effects of all dilutive potential convertible notes for the reporting periods, in accordance with CPC 41 / IAS 33.

3.14 Government grants – CDE

Government grants are only recognized when it is reasonably certain that these amounts will be received by the Group. The discounts recognized related to the low income subsidy, other tariff discounts, as well as the subsidies referring to the amounts received to compensate the Company for expenses incurred are recorded in income for the years (Aporte CDE - low income, and other subsidies tariffs - note 26.3).

Subsidies received on compensation for discounts granted are supported by immediate financial support under the terms of CPC 07 (IAS 20).

Grants that aim to compensate the Group for expenses incurred are recorded on a systematic basis during the periods when related expenses are incurred, unless the conditions for receiving the grant are met after the recognition of related expenses. In this case, the grant is recognized when it becomes receivable.

3.15 Sector financial asset and liability

According to the tariff pricing mechanism applicable to the distribution companies, the energy tariffs should be set at a price level that ensures the economic and financial equilibrium of the concession. Therefore, the concessionaires and licensees are authorized to charge their consumers (after review and ratification by ANEEL) for: (i) the annual tariff increase; and (ii) every four or five years, according to each concession agreement, the periodic review for purposes of reconciliation of part of Parcel B (controllable costs) and adjustment of Parcel A (non-controllable costs).

The distributors' revenue is mainly comprised of the sale of electric energy and for the delivery (transmission) of the electric energy through the distribution infrastructure (network). The distribution concessionaires'

revenue is affected by the volume of energy delivered and the tariff. The electric energy tariff is comprised of two parcels which reflect a breakdown of the revenue:

- **Parcel A** (non-controllable costs): this parcel should be neutral in relation to the entity's performance, i.e., the costs incurred by the distributors, classifiable as Parcel A, are fully passed through the consumer or borne by the Granting Authority; and
- **Parcel B** (controllable costs): comprised of capital expenditure on investments in infrastructure, operational costs and maintenance and remuneration to the providers of capital. It is this parcel that actually affects the entity's performance, since it has no guarantee of tariff neutrality and thus involves an intrinsic business risk.

This tariff pricing mechanism can cause temporary differences arising from the difference between the predicted costs (Parcel A and other financial components) included in the tariff at the beginning of the tariff period and those actually incurred while it is in effect. This difference constitutes a right of the concessionaire to receive cash when the incurred costs included in the tariff are lower than those actually incurred, or an obligation to pay if the incurred costs are higher than those actually incurred.

3.16 Lease

With the adoption of IFRS 16 (CPC 06 (R2)) – the Group began to recognize a right-of-use asset and a lease liability on the lease start date. The lease liabilities are initially measured at the present value of the lease payments that were not paid on the transition date, discounted using the incremental rate, a fixed nominal rate based on the Group's indebtedness.

The lease term is equivalent to the minimum non-cancellable period of the contracts and the Group does not add to the lease term the periods covered by a renewal option, except in cases where the Company or the subsidiary is reasonably certain that the renewal option will be exercised. The right-of-use asset is initially measured at cost, which comprises the initial measurement value of the lease liability and, when applicable, adjusted for any lease payments made in advance, initial direct costs incurred, cost estimates for dismantling and removal and incentives received.

The right-of-use asset is subsequently amortized using the same depreciation or amortization method applied to similar items of property, plant and equipment and/or intangible concession rights (distributors) and, if applicable, it will also be reduced by impairment losses. The Group remeasures the lease liability if there is a change in the lease term or if there is a change in future lease payments resulting from changes in the ratio or rate used to determine such payments, recognizing the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

3.17 Business combination

Business combinations are recorded using the acquisition method when the set of activities and assets acquired meets the definition of a business and control is transferred to the Group. In determining whether a set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and a substantive process that together contribute significantly to the ability to generate output.

The Group has the option of applying a "concentration test" that allows a simplified assessment if a set of acquired activities and assets is not a business. The optional concentration test is met if, substantially, the entire fair value of the acquired gross assets is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in a business combination is generally measured at fair value, calculated as the sum of the fair values of the assets transferred by the acquirer, the liabilities incurred at the acquisition date to the former owner of the acquiree and the equity interests issued by the Company and subsidiaries in exchange for control of the acquiree. Costs related to the acquisition are generally recognized in profit or loss, when incurred.

At the acquisition date, other assets and liabilities are recognized at fair value, except for: (i) deferred taxes, (ii) employee benefits, and (iii) share-based payments.

The noncontrolling interests are initially measured either at fair value or at the noncontrolling interests' proportionate share of the acquiree's identifiable net assets. The measurement method is chosen on a transaction-by-transaction basis.

The excess of the consideration transferred, added to the portion of noncontrolling interests, over the fair value of the identifiable assets (including the concession intangible asset) and net liabilities assumed at the acquisition date are recognized as goodwill. In the event that the fair value of the identifiable assets and net liabilities assumed exceeds the consideration transferred, a bargain purchase is identified and the gain is recognized in the statement of profit or loss at the acquisition date.

3.18 Basis of consolidation

(i) Business combinations

The Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any noncontrolling interest in the acquiree, less the recognized fair value of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date.

(ii) Subsidiaries, joint ventures and associates

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Joint ventures are accounted for using the equity method of accounting from the moment joint control is established. For associates, the register is made at the time of acquisition of interest.

The accounting policies of subsidiaries and joint ventures taken into consideration for purposes of consolidation and/or equity method of accounting, as applicable, are aligned with the Group's accounting policies.

In the individual (parent company) financial statements, the financial information on subsidiaries and joint ventures is accounted for under the equity method. In the consolidated financial statements, the information on joint ventures is accounted for under the equity method.

The consolidated financial statements include the balances and transactions of the Company and its subsidiaries. The balances and transactions of assets, liabilities, income and expenses have been fully consolidated for the subsidiaries. Prior to consolidation into the Company's financial statements, the financial statements of subsidiaries CPFL Geração, CPFL Brasil, CPFL Jaguari Geração, CPFL Renováveis, CPFL Eficiência Energética and CPFL Transmissão are fully consolidated into those of their subsidiaries.

Intragroup balances and transactions, and any income and expenses derived from these transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with investees are eliminated in proportion to the Company's interest in the subsidiary, if applicable. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the CPFL Energia interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

In the case of subsidiaries, the portion related to noncontrolling interests is stated in equity and in the statements of profit or loss and comprehensive income in each year presented.

The balances of joint ventures, as well as the Company's interest in each of them are described in note 13.5.

(iii) Acquisition of noncontrolling interests

Accounted for as transaction among shareholders. Consequently, no gain or goodwill is recognized as a result of such transaction.

3.19 Changes in significant accounting policies

As of January 1, 2023, the Group adopted the amendments to CPC 32 / IAS 12 on taxes on profit, which established the recognition of deferred tax on transactions that, upon the initial recognition, give rise to equal amounts of tax and deductible temporary differences, but it is worth noting that in the Company, there were no significant impacts with the adoption of the changes in the rule. It also took into account the changes that occurred in CPC 23 / IAS 8, considering the changes introduced in the definition of accounting estimates and the clarifications regarding the distinction between accounting estimates and accounting policies. Finally, it is also important to highlight the adoption of CPC 26 (R1) / IAS 1 regarding the application of the judgment on materiality to accounting policies, taking into account that material accounting policies are those that, together with other information in the financial statements, influence the decisions of the main users of the financial statements. Other new standards have also entered into force from January 1, 2023, but similarly to those highlighted above, they have not materially affected the Group's financial statements.

3.20 New standards and interpretations not yet effective

New standards and amendments to standards and IFRS interpretations were issued by the IASB and are not yet effective for the year ended December 31, 2023. The Group has not adopted the new standards early in preparing these financial statements:

(a) Classification of Liabilities as Current or Non-Current (CPC 26 / IAS 1)

In January 2020 the IASB issued amendments to IAS 1 (CPC 26 (R1)) to clarify the requirements for the presentation of liabilities in the financial statements. The amendments establish that the classification of liabilities as current or non-current is based on the entity's rights existing on the balance sheet date. So, for an entity to classify liabilities as non-current, it must have the discretionary right to refinance the obligation and to avoid the settlement of liabilities for at least twelve months from the balance sheet date, for example. In October 2022, a new amendment was issued by IFRS in order to clarify that the Entity that has liabilities with restrictive contractual clauses (covenants) will only be affected by the classification of the liability for cases in which the achievement of these indexes must occur by the balance sheet date

The amendments will take effect for periods beginning on or after January 1, 2024 and will apply to changes in accounting policies and estimates that occur on or after the beginning of that period

(b) General Sustainability-related Disclosures (IFRS S1) and Climate-Related Disclosures (IFRS S2).

In June 2023, the International Sustainability Standards Board (ISSB) issued its first two IFRS Sustainability Disclosure Standards, IFRS S1 General Requirements for Sustainability-Related Financial Disclosures and IFRS S2 Climate-related Disclosures.

IFRS S1 establishes the general requirements for how Companies must disclose in their report, relevant information on risks and opportunities related to Sustainability and that are important for the decision-making of users of the Financial Statements, since they may directly impact the company's decisions.

IFRS S2, on the other hand, taking into consideration the effects of all climate changes that are occurring and may occur over the years, requires the disclosure of climate-related risks and opportunities, taking into account the sector, industry and other circumstances in which the company operates. It is worth mentioning that IFRS highlights that climate change presents itself as a risk for companies that are directly or indirectly exposed to such changes and as an opportunity for companies that act as climate change mitigators.

Companies are required to apply IFRS S1 and IFRS S2 together, to ensure compliance with IFRS Sustainability Disclosure Standards. Under IFRS, the changes will be effective for periods beginning on or after January 1, 2024. In Brazil, for publicly-held companies, the preparation and disclosure of the sustainability-related financial information report was approved by the CVM through CVM Resolution 193, of October 20, 2023, with voluntary adoption as of January 1, 2024, and mandatory adoption as of January 1, 2026.

For the new interpretations and changes mentioned above that are not yet in force, it should be noted that the Company is evaluating the changes and new pronouncements but does not expect material impacts on the disclosures and amounts recognized in its consolidated financial statements and will not adopt the optional voluntary sustainability and climate reports for 2024.

(4) FAIR VALUE MEASUREMENT

Some of the Group's accounting policies and disclosures require the fair value measurement, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, additional information on the assumptions made in the fair value measurement is disclosed in the notes specific to that asset or liability.

The Group measures fair value as the value at which an asset can be traded, or a liability settled, between interested parties, knowledgeable of the business and independent from each other, with the absence of factors that put pressure on the settlement of the transaction or that characterize a compulsory transaction.

- Property, plant and equipment, intangible and contract asset

The fair value of items of property, plant and equipment, intangible and contract asset is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

- Financial instruments

Financial instruments measured at fair value are valued based on quoted prices in an active market, or, if such prices are not available, they are assessed using pricing models, applied individually to each transaction, taking into consideration future cash flows, based on the contractual conditions, discounted to present value at rates obtained from market interest curves, having as a basis, whenever available, information obtained from the websites of B3 S.A. and “Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais – ANBIMA” (note 34) and also includes the debtor's credit risk rate.

The right to compensation, to be paid by the Federal Government when the distribution concessionaires' assets are handed over at the end of the concession period, is classified as measured at fair value through profit or loss. The methodology adopted for valuing these assets is based on the tariff review process for distributors. This process, conducted every four or five years according to each concessionaire, involves assessing the new replacement value of the distribution infrastructure, in accordance with criteria established by the granting authority (“ANEEL”). This valuation basis is also used for establishing the distribution tariff, which is adjusted annually up to the next tariff review, based on main inflation indices.

Accordingly, at the time of the tariff review, each distribution concessionaire adjusts the position of the financial asset base for compensation at the amounts ratified by the granting authority and uses the Extended Consumer Price Index (“IPCA”) as the best estimates for adjusting the original value until next tariff review process.

(5) CASH AND CASH EQUIVALENTS

	Parent Company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Bank balances	174	860	232,617	136,250
Short-term financial investments	171,621	188,240	4,202,569	3,609,908
Overnight investment (a)	-	-	22,860	878
Private credit notes (b)	171,621	188,240	3,315,671	3,508,134
Investment funds (c)	-	-	864,038	100,896
Total	171,795	189,100	4,435,186	3,746,158

- Bank account balances, which earn daily interest by investment in repurchase agreements secured on Bank Certificate Deposit (CDB) and interest of 15% of the variation in the Interbank Certificate of Deposit (CDI).
- Short-term investments in: (i) Bank Certificates of Deposit (CDB) amounting to R\$ 2,957,163 (R\$ 2,899,482 in December 31, 2022), and (ii) secured debentures amounting to R\$ 358,508 (R\$ 608,651 in December 31, 2022). All these operations have daily liquidity, short-term maturity, low credit risk and remuneration equivalent, on average, to 101.63% of the CDI (100.03% of the CDI on December 31, 2022).
- Investments funds, with high liquidity and interest equivalent, on average, to 99.88% of the CDI (101.09 % of the CDI on December 31, 2022), subject to floating rates tied to the CDI linked to federal government bonds, CDBs, financial bills and secured debentures of major financial institutions, with low credit risk and short term maturity.

(6) MARKETABLE SECURITIES

	Consolidated	
	December 31. 2023	December 31. 2022
Through investment funds (a)	665,935	208,886
Direct investment (b)	431,503	647,358
Total	1,097,438	856,244

- (a) It represents amounts invested in government securities, Financial Bills ("LF") and Financial Treasury Bills ("LFT"), through investment fund quotas, yielding on average 99.88% of CDI (101.09% of CDI in December 31, 2022).
- (b) It represents mainly securities without immediate liquidity and which do not have the possibility of redemption in the short term without significant loss of value, with remuneration equivalent to 101.75% of CDI (100% of CDI in December 31, 2022).

(7) CONSUMERS, CONCESSIONAIRES AND LICENSEES

The consolidated balance includes mainly activities from the supply of electric energy, broken down as follows at December 31, 2023 and 2022:

	Consolidated			Total	
	Amounts not due	Past due		December 31, 2022	December 31, 2021
		until 90 days	> 90 days		
Current					
Consumer classes					
Residential	1,241,639	792,215	124,536	2,158,390	1,651,639
Industrial	151,097	60,818	74,007	285,922	307,508
Commercial	292,956	119,728	48,247	460,932	363,294
Rural	105,497	35,241	17,619	158,356	147,068
Public administration	101,590	22,493	10,791	134,873	90,499
Public lighting	129,168	12,118	5,742	147,028	106,784
Public utilities	74,425	17,918	20,859	113,204	85,053
Billed	2,096,372	1,060,531	301,801	3,458,705	2,751,845
Unbilled	1,939,177	-	-	1,939,177	1,531,707
Financing of consumers' debts	161,561	46,338	59,443	267,343	289,264
CCEE transactions	121,206	5,780	17,636	144,622	172,166
Concessionaires and licensees	508,828	245,691	22,182	776,701	738,682
Incentive program for the voluntary reduction of electricity consumption	(8,059)	-	-	(8,059)	(9,567)
Others	13,462	-	-	13,462	27,751
	4,832,547	1,358,340	401,062	6,591,951	5,501,848
Allowance for doubtful accounts				(401,822)	(430,718)
Total				6,190,130	5,071,130
Non-current					
Financing of consumers' debts	137,864	-	-	137,864	140,383
Free energy	9,185	-	-	9,185	8,125
CCEE transactions	9,391	1,376	7,098	17,865	57,151
Total	156,440	1,376	7,098	164,914	205,659

Financing of Consumers' Debts - Refers to the negotiation of overdue credits with consumers of the residential, commercial, industrial, rural, and public administration classes. The rules for payment in installments comply with CPFL's internal policies.

Concessionaires and licensees - Refer basically to receivables for the supply of electric energy to other concessionaires and licensees, mainly by the subsidiaries CPFL Brasil, CPFL Renováveis and and charges for use of the network by the subsidiary CPFL Transmissão.

Allowance for doubtful accounts

The allowance for doubtful debts is set up based on the expected credit loss (ECL), adopting the simplified method of recognizing, based on the history and future probability of default. The allowance methodology is detailed in note 34 (f).

Movements in the allowance for doubtful accounts are shown below:

	Consumers. concessionaires and licensees	Other assets (note 12)	Total
At December 31. 2021	(459,396)	(30,138)	(489,534)
Net Allowance - reversal (recognition)	(515,266)	(1,336)	(516,602)
Revenue recovery	212,662	(14,688)	197,974
Write-off of accrued receivables	331,281	14,683	345,964
Reclassification of other assets	-	(7,561)	(7,561)
At December 31. 2022	(430,718)	(39,040)	(469,758)
Net Allowance - reversal (recognition)	(429,839)	662	(429,177)
Revenue recovery	151,747	(24)	151,723
Write-off of accrued receivables	306,987	24	307,011
At December 31. 2023	(401,822)	(38,378)	(440,200)
Current	(401,822)	(38,378)	(440,200)

(8) TAXES RECOVERABLE

	Consolidated	
	December 31, 2023	December 31, 2022
Current		
Prepayments of social contribution – CSLL	10,563	94,338
Prepayments of income tax - IRPJ	22,595	262,763
Income tax and social contribution to be offset	622,089	168,431
Income tax and social contribution to be offset	655,247	525,532
Withholding income tax - IRRF on interest on capital	17,903	43,468
Withholding income tax - IRRF	107,107	90,519
State VAT - ICMS to be offset	299,259	477,271
Social Integration Program - PIS	32,302	32,792
Contribution for Social Security Funding - COFINS	127,392	101,471
Others	5,212	5,833
Other taxes to be offset	589,175	751,353
Total current	1,244,422	1,276,885
Non-current		
Social contribution to be offset - CSLL	6,059	6,771
Income tax to be offset - IRPJ	79,088	114,610
Income tax and social contribution to be offset	85,147	121,381
State VAT - ICMS to be offset	412,400	407,150
Social Integration Program - PIS	95,943	112,611
Contribution for Social Security Funding - COFINS	6,058	7,980
Others	752	752
Other taxes to be offset	515,153	528,493
Total Non-current	600,300	649,874

Prepayment of Social Contribution - CSLL and Income Tax - IRPJ - refers to overpayment as IRPJ and CSLL estimates for the year 2023.

Withholding income tax - IRRF – Relates mainly to IRRF on financial investments.

State VAT - ICMS to be offset – In non-current, it refers mainly to the credit recorded on purchase of assets that results in the recognition of property, plant and equipment, intangible assets and financial assets.

Exclusion of ICMS from the PIS and COFINS tax base:

	Consolidated	
	December 31. 2023	December 31. 2022
Assets		
<u>Current</u>		
PIS over ICMS	491,213	296,009
COFINS over ICMS	1,864,285	1,389,634
Total current	2,355,498	1,685,643
<u>Non-current</u>		
PIS over ICMS	671,508	1,217,027
COFINS over ICMS	3,490,661	5,577,836
Total noncurrent	4,162,169	6,794,863

	Consolidated	
	December 31. 2022	December 31. 2021
Liabilities - PIS/COFINS consumers return		
Current	(1,609,435)	(945,091)
Non-current	(4,311,128)	(6,917,491)

The subsidiaries (i) CPFL Paulista, CPFL Piratininga, RGE Sul, CPFL Santa Cruz, (ii) CPFL Brasil and (iii) CPFL Serviços filed lawsuits involving the Federal Government, claiming the recognition of the right to exclude the ICMS from the calculation base of PIS and COFINS, as well as the right to recover the amounts previously paid in the 5 years prior to the filing of the lawsuits until their final judgments.

In 2019 and 2021, most subsidiaries obtained a final and unappealable decision, recording tax assets to be offset and liabilities with consumers. Also in 2021, in view of (i) the May 2021 decision of the Federal Supreme Court that rejected the motions for clarification filed by the National Treasury in the records of RE No. 574,706 which did not modify the effects of its decision for taxpayers who had lawsuits filed before March 15, 2017, and (ii) the terms of CPC 25, item 33, which discusses the concept of classification of an asset considered “practically certain”, PIS and COFINS credits were recognized in June 2021, in the subsidiaries CPFL Santa Cruz (company merged into CPFL Santa Cruz in December 2017), and RGE (company merged into RGE in December 2018). Since 2020, subsidiaries that have tax credits validated by the Brazilian Internal Revenue Service began applying them against respective debits.

During the tariff readjustments in 2021, 2022 and 2023 of the subsidiaries CPFL Santa Cruz, CPFL Paulista, RGE and CPFL Piratininga, anticipation of the reversal of amounts arising from credits arising from the aforementioned lawsuits was considered as an extraordinary negative financial component in the amount of R\$ 204,257, R\$ 1,781,780, R\$ 1,774,296 and R\$ 1,030,185, respectively.

It is important to point out that, based on the opinion of its legal advisors, the Company understands that, for distributors, the need for reimbursement to consumers of amounts received after the final and unappealable judicial decision, such as PIS and COFINS tax credits, is limited to the statute of limitations of ten years. This position was even expressed by the Company through a contribution presented in the process of Public Consultation No. 05/2021, which is still in progress.

On June 28, 2022, Law No. 14,385 was published, which requires ANEEL to promote, in tariff proceedings, the full allocation of the relevant credit for the benefit of consumers. The Group considers that such legal provision does not deprive it of the right to have the credits comprised by limitation term of over 10 years (negative prescription) reverted in favor of its subsidiaries. Thus, the Group awaits the regulation and operationalization of the matter by ANEEL and will evaluate, in due course, appropriate measures to safeguard its right. Regarding this subject, in December 2022, ABRADÉE (Brazilian Association of Electric Energy Distributors), an entity to which the Group Distributors are associated, filed a Direct Action of Unconstitutionality

to the Federal Supreme Court, distributed under no. 7324, questioning said legislation, which is pending judgment.

Therefore, the Group's accounting decision, at this time, not to record any tax credit to its favor does not mean any waiver of rights.

(9) SECTOR FINANCIAL ASSET AND LIABILITY

The breakdown of the balances of sector financial asset and liability and the movement for the year is as follows:

	Consolidated											
	At December 31, 2022			Operating revenue (note 26)		Financial result (note 29)		Receipt		At December 31, 2023		
						Adjustment for inflation	PIS/COFINS credit refund	Agreement with consumer	CDE Eletrobrás (84.292)			
Deferred (24.850)	Approved 471.206	Total 446.356	Constitution 60.445	Through billing (87.468)	4.351					-	-	512.277
Parcel "A" CVA ^(*)							-	-	(84.292)			
CDE ^(**)	(212.459)	138.784	(73.674)	(41.126)	62.159	3.597	-	-	-	12.804	(146.140)	(133.336)
Electric energy cost	(1.300.078)	(982.670)	(2.282.748)	(1.179.222)	2.088.417	(190.924)	-	-	-	(726.773)	(837.703)	(1.564.477)
ESS and EER ^(**)	(560.370)	321.176	(239.194)	339.332	83.847	(37.237)	-	-	-	250.723	(103.975)	146.748
Proinfra	3.491	91.114	94.605	(58.779)	(67.088)	(1.966)	-	-	-	(1.415)	(31.813)	(33.228)
Basic network charges	408.404	70.216	478.620	722.918	(423.100)	77.373	-	-	-	620.631	235.179	855.811
Pass-through from Itaipu	597.536	756.556	1.354.092	(512.157)	(1.139.237)	56.608	-	-	-	(346.078)	105.386	(240.693)
Transmission from Itaipu	31.388	2.971	34.359	98.738	(30.802)	6.926	-	-	-	86.378	22.842	109.220
Neutrality of sector charges	(127.901)	(29.354)	(157.255)	(181.171)	164.136	(4.967)	-	-	-	(123.443)	(55.814)	(179.257)
Overcontracting	1.135.535	102.413	1.237.948	871.761	(825.799)	94.940	-	-	-	739.696	639.154	1.378.850
Billed tariff flag	(397)	-	(397)	151	-	-	-	-	-	(245)	-	(245)
Other financial components	251.537	(797.149)	(545.612)	5.329	1.546.417	62.059	(2.539.421)	3.290	-	(245.250)	(1.222.689)	(1.467.939)
Total	226.687	(325.943)	(99.256)	65.774	1.458.949	66.410	(2.539.421)	3.290	(84.292)	267.028	(1.395.574)	(1.128.546)
Current assets			230.816									293.066
Non-current assets			214.133									200.111
Current liabilities			(281.398)									(1.163.287)
Non-current liabilities			(262.806)									(458.436)

(*) Compensation account for the variation in the values of items in installment "A"

(**) Energy development account

(***) System Service Charge ("ESS") and Backup Power Charge ("EER")

Receipt - Water scarcity account:

Decree No. 10,939/2022 regulates measures aimed at addressing the financial impacts on the electricity sector resulting from the situation of water shortage. The creation of the Water Shortage Account, later regulated by ANEEL through Public Consultation No. 02/2022, was authorized, resulting in the publication of Normative Resolution No. 1,008/2022.

The Group's distributors expressed its accession to the program through a Term of Acceptance, and had the resources approved through Order No. 1,177/2022, with the receipt of R\$ 798,700 in the second quarter of 2022.

CVA: refers to the variations of the Parcel A account, in accordance with note 3.15. These amounts are adjusted based on the SELIC rate and are compensated in the subsequent tariff processes.

Neutrality of sector charges: this refers to the neutrality of the sector charges contained in the electric energy tariffs, calculating the monthly differences between the revenue related to such charges and the respective amounts considered at the time the distributors' tariff was set.

Overcontracting: electric energy distribution concessionaires are required to guarantee 100% of their energy market through contracts approved, registered and ratified by ANEEL. It is also assured to the distribution concessionaires that costs or revenues derived from energy surplus will be passed through the tariffs, limited to 5% of the energy load requirement. These amounts are adjusted based on the SELIC rate and are compensated in the subsequent tariff processes.

Other financial components: mainly refers to: (i) Reimbursement of PIS/COFINS credit - in the 2023 annual tariff adjustment of the subsidiaries CPFL Santa Cruz, CPFL Paulista, RGE and CPFL Piratininga, the sectoral liability arising from PIS/COFINS credits related to the exclusion of ICMS from the PIS/COFINS calculation basis, in the amount of R\$ 2,539,421, was considered, according to Ratifying Resolution ("REH") No. 3,178, No. 3,183, No. 3,206 and No. 3,277, respectively. This amount was recorded in "Other accounts payable - PIS/COFINS reimbursement to consumers" and was transferred to sectoral financial assets and liabilities in 2023, (ii) surpassing of demand and surplus of reactive, amounts in constitution and amounts already approved in periodic tariff review and which started to be amortized over the period of validity of the review; and (iii) deferral of regulatory assets (Tranche B), among others.

(10) DEFERRED TAX ASSETS AND LIABILITIES

10.1 Breakdown of deferred tax assets and liabilities

	Consolidated	
	December 31, 2023	December 31, 2022
<u>Social contribution credit/(debit)</u>		
Tax losses carryforwards	154,728	172,001
Tax benefit of merged intangible	58,401	66,178
Temporarily nondeductible/taxable differences	(736,853)	(733,928)
Subtotal	(523,724)	(495,748)
<u>Income tax credit / (debit)</u>		
Tax losses carryforwards	429,206	479,984
Tax benefit of merged intangible	183,015	209,449
Temporarily nondeductible/taxable differences	(2,033,168)	(2,025,447)
Subtotal	(1,420,947)	(1,336,014)
<u>PIS and COFINS credit/(debit)</u>		
Temporarily nondeductible/taxable differences	(48,468)	(47,077)
Total	(1,993,138)	(1,878,839)
Total tax credit	325,404	247,816
Total tax debit	(2,318,542)	(2,126,655)

The expected recovery of the deferred tax assets arising from nondeductible temporary differences, tax benefit of merged intangible and income tax and social contribution losses, is based in the projections of future taxable income.

10.2 Tax benefit of merged intangible asset

Refers to the tax benefit calculated on the intangible assets derived from the acquisition of subsidiaries, as shown in the following table, which were merged and are recognized in accordance with the concepts of CVM Instructions No. 319/1999 and No. 349/2001 and ICPC 09 (R2) - Individual Financial Statements, Separate Financial Statements, Consolidated financial statements and Application of the Equity Method. The benefit is being realized in proportion to the tax amortization of the merged intangible assets that originated them as per CPC 27 and CPC 04 (R1) - Clarification of acceptable methods of depreciation and amortization, over the remaining concession period, as shown in note 16.

	Consolidated			
	December 31, 2023		December 31, 2022	
	Social Contribution	Income tax	Social Contribution	Income tax
CPFL Paulista	18,117	50,326	22,743	63,175
CPFL Piratininga	5,004	17,173	6,039	20,726
RGE	35,280	109,916	37,396	118,657
CPFL Renováveis	-	5,600	-	6,892
Total	58,401	183,015	66,178	209,449

10.3 Accumulated balances on nondeductible temporary / taxable differences

	Consolidated					
	December 31, 2023			December 31, 2022		
	Social Contribution	Income tax	PIS/COFINS	Social Contribution	Income tax	PIS/COFINS
Temporarily nondeductible/ taxable differences						
Provision for tax, civil and labor risks	110.830	307.860	-	92.005	255.567	-
Private pension fund	2.307	6.408	-	19.087	53.019	-
Allowance for doubtful accounts	41.229	114.524	-	39.848	110.689	-
Free energy supply	12.640	35.112	-	11.338	31.495	-
Research and development and energy efficiency programs	11.619	32.274	-	12.243	34.008	-
Personnel-related provisions	9.989	27.747	-	7.786	21.627	-
Derivatives	(13.818)	(38.383)	-	(58.508)	(162.521)	-
Recognition of concession - adjustment of intangible asset	(2.247)	(6.242)	-	(2.933)	(8.147)	-
Recognition of concession - adjustment of financial asset	(525.685)	(1.460.236)	-	(437.502)	(1.215.282)	-
Recognition of concession - adjustment of contract asset	(188.721)	(510.954)	(48.438)	(162.412)	(438.274)	(46.974)
Actuarial losses	25.153	69.870	-	25.153	69.870	-
Fair value measurement - Derivatives	(1.906)	(5.294)	-	40.556	112.655	-
Fair value measurement - Debts	(19.817)	(55.047)	-	(50.947)	(141.518)	-
Other	(3.879)	(10.724)	(30)	(61.478)	(170.721)	(104)
Temporarily nondeductible differences - accumulated comprehensive income:						
Property, plant and equipment - adjustment of deemed cost	(32.808)	(91.134)	-	(35.978)	(99.940)	-
Actuarial losses	77.562	215.453	-	100.095	278.043	-
Fair value measurement - Derivatives	103	286	-	231	641	-
Fair value measurement - Debts	(1.350)	(3.752)	-	(2.037)	(5.657)	-
Temporarily nondeductible differences - business combination						
Deferred taxes - asset:						
Provision for tax, civil and labor risks	12.007	33.352	-	13.271	36.863	-
Fair value of property, plant and equipment (negative value added of assets)	13.405	37.237	-	14.592	40.533	-
Deferred taxes - liability:						
Value added derived from determination of deemed cost	(15.767)	(43.799)	-	(16.056)	(44.602)	-
Value added derived from the acquisition of control of Enercan	(86.372)	(239.917)	-	(105.963)	(294.343)	-
Intangible asset - exploration right/authorization in indirect subsidiaries acquired	(157.550)	(437.314)	-	(172.542)	(478.958)	-
Other temporary differences	(3.778)	(10.494)	-	(3.778)	(10.494)	-
Total	(736.853)	(2.033.168)	(48.468)	(733.928)	(2.025.447)	(47.077)

10.4 Expected period of recovery

The expected period of recovery of the deferred tax assets recorded in noncurrent assets derived from temporarily nondeductible or taxable differences and tax benefit of merged intangible assets is based on the average period of realization of each item included in deferred assets, and tax loss carryforwards are based on the projections of future profits. Recoverable assets are comprised as follows:

	Consolidated
<u>Expectation of recovery</u>	
2024	457,610
2025	254,225
2026	278,148
2027	481,618
2028	40,559
2029 to 2031	121,523
2032 to 2034	30,530
Total	1,664,211

10.5 Reconciliation of the income tax and social contribution amounts recognized in the statements of profit or loss for 2023 and 2022:

	Parent Company			
	2023		2022	
	Social Contribution	Income tax	Social Contribution	Income tax
Income before taxes	5,579,957	5,579,957	5,125,080	5,125,080
Adjustments to reflect effective rate:				
Resultado de participações societárias	(5,636,482)	(5,636,482)	(5,225,740)	(5,225,740)
Amortization of intangible asset acquired	(13,528)	-	(13,528)	-
Interest on capital expenses	257,780	257,780	191,450	191,450
Other permanent additions (exclusions). net	19,443	26,198	16,103	21,847
Tax base	207,170	227,453	93,365	112,637
Statutory rate	9%	25%	9%	25%
Tax credit/(debit)	(18,646)	(56,863)	(8,403)	(28,159)
Ajustes de créditos fiscais	5,592	17,061	2,552	8,516
Provision for tax risks	-	-	-	-
Total	(13,054)	(39,802)	(5,851)	(19,643)
Current	(13,190)	(40,181)	(5,954)	(19,929)
Deferred	136	379	103	286

	Consolidated			
	2023		2022	
	Social Contribution	Income tax	Social Contribution	Income tax
Income before taxes	8,022,782	8,022,782	7,319,648	7,319,648
Adjustments to reflect effective rate:				
Equity in subsidiaries	(318,708)	(318,708)	(490,530)	(490,530)
Amortization of intangible asset acquired	82,547	96,636	41,330	62,756
Presumed profit regime effect	(746,921)	(843,188)	(697,045)	(789,884)
Overrun and overflow revenue adjustment	220,560	220,560	201,602	201,602
Adjustment to fair value in investment	49,607	49,607	(640,305)	(640,305)
Tax settlement - litigation	-	-	455,013	546,527
Impairment	334,193	334,193	-	-
Other net permanent additions (exclusions)	79,312	12,752	534,191	475,918
Tax base	7,723,371	7,574,634	6,723,905	6,685,733
Statutory rate	9%	25%	9%	25%
Tax credit/(debit)	(695,103)	(1,893,658)	(605,151)	(1,671,433)
Tax credit adjustments	26,777	78,374	45,308	132,752
Provision for tax risks	(227)	(1,784)	(1,234)	(1,075)
Total	(668,553)	(1,817,068)	(561,078)	(1,539,757)
Current	(637,899)	(1,724,695)	(427,676)	(1,170,942)
Deferred	(30,654)	(92,373)	(133,402)	(368,815)

Amortization of intangible asset acquired – Refers to the permanent nondeductible portion of amortization of intangible assets derived from the acquisition of investees. In the parent company, these amounts are classified in the line item of equity in subsidiaries, in conformity with ICPC 09 (R2) (note 13).

Tax credit adjustments- refers to the net between (i) tax credit refers to the amount of tax credit on tax loss carryforwards recorded as a result of review of projections of future profits and (ii) unrecognized tax credit refers to losses generated for which currently it is not probable that enough future taxable profits will be generated to absorb them.

Deferred income tax and social contribution income recognized in profit or loss of R\$ 123,027 (R\$ 502,217 in 2022) mainly refers to (i) tax income carryforwards pf R\$ 68,051 in 2023 (R\$ 100,968 in 2022); (ii) expense with realization of tax benefit of the merged goodwill of R\$ 34,211 in 2023 (R\$ 34,213 in 2022) and (iii) expenses with temporary differences of R\$ 20,765 in 2023 (R\$ 367,752 in 2022).

10.6 Deferred income tax and social contribution recognized directly in equity

The deferred income tax and social contribution recognized directly in equity (other comprehensive income) in 2023 and 2022 were as follows:

	Consolidated			
	2023		2022	
	CSLL	IRPJ	CSLL	IRPJ
Actuarial losses (gains)	301,534	301,534	(883,967)	(883,967)
Limits on the asset ceiling	(29,837)	(29,837)	28,785	28,785
Basis of calculation	271,697	271,697	(855,182)	(855,182)
Statutory rate	9%	25%	9%	25%
Calculated taxes	(24,453)	(67,924)	76,966	213,796
Limitation on recognition (reversal) of tax credits	47,306	131,404	(40,485)	(114,031)
Taxes recognized in other comprehensive income	22,853	63,480	36,481	99,765
Credit risk fair value measurement of financial liabilities	1,713	1,713	17,393	17,393
Deemed cost of property, plant and equipment	40,321	40,321	41,097	41,097
Subtotal	42,034	42,034	58,490	58,490
Statutory rate	9%	25%	9%	25%
Calculated taxes	(3,783)	(10,509)	(5,264)	(14,622)
Total taxes recognized in other comprehensive income	19,070	52,971	31,217	85,144

10.7 Unrecognized tax credits

As at December 31, 2023, the parent company has tax credits on tax loss carryforwards that were not recognized amounting to R\$ 93,709 since at present there is no reasonable assurance of the generation of future taxable profits. This amount can be recognized in the future, according to the annual reviews of taxable profit projections.

Some subsidiaries have also income tax and social contribution credits on tax loss carryforwards that were not recognized because currently there is no reasonable assurance that enough future taxable profits will be generated to absorb them. As at December 31, 2023, the main subsidiaries that have such unrecorded credits were CPFL Brasil R\$ 121,489, Sul Geradora R\$ 72,775, CPFL Telecom R\$ 35,009 and CPFL Renováveis subsidiaries R\$ 39,286. These tax losses can be carried forward indefinitely.

(11) CONCESSION FINANCIAL ASSET

	Consolidated
At December 31, 2021	13,281,686
Non-current	13,281,686
Transfer - contract asset	3,594,739
Transfer - intangible asset	(13,957)
Fair value adjustment	1,449,690
Disposals	(110,151)
At December 31, 2022	18,202,007
Non-current	18,202,007
Fair value adjustment	1,066,824
Transfer - contract asset	2,512,521
Transfer - intangible asset	(33,765)
Disposals	(130,066)
At December 31, 2023	21,617,521
Non-current	21,617,521

The amount refers to the financial asset corresponding to the right established in the concession agreements of the energy distributors to receive cash by compensation upon the return of the assets to the granting authority at the end of the concession, the difference to adjust the balance at fair value (new replacement value – “VNR” – note 4) is recognized as a balancing item to the operating income account (note 26) in the statement of profit or loss for the year.

In 2023, write-offs of R\$ 130,066 (R\$ 110,151 in 2022) refer to both the write-off of assets of R\$ 68,604 (R\$ 61,834 in 2022) and the write-off of the respective update of R\$ 61,462 (R\$ 48,317 in 2022).

(12) OTHER ASSETS

	Current		Non-current	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Advances - Pension Plan	13,197	7,544	-	-
Advances to suppliers	15,935	52,686	-	-
Pledges, funds and restricted deposits	80,396	67,582	8,387	19,973
Orders in progress	433,420	458,867	11,950	13,453
Services rendered to third parties	20,063	33,647	-	-
Energy pre-purchase agreements	-	-	17,976	269
Prepaid expenses	196,655	115,997	58,348	13,826
Receivables - CDE	336,895	216,754	-	-
Advances to employees	29,526	25,085	-	-
Incentive program for the voluntary reduction of electricity consumption	4,462	4,445	-	-
Others	346,313	263,251	280,653	239,518
(-) Allowance for doubtful debts (note 7)	(38,378)	(39,040)	-	-
Total	1,438,485	1,206,817	377,313	287,039

Advances to suppliers: Refers mainly to advances to suppliers of projects under construction of generation and transmission companies.

Pledges, funds and restricted deposits: Pledges related to CCEE operations and financial investments required by debt contracts in the subsidiaries.

Orders in progress: encompass costs and revenues related to ongoing decommissioning or disposal of intangible assets and the service costs related to expenditure on projects in progress under the Energy Efficiency ("PEE") and Research and Development programs ("P&D"). Upon the closing of the respective projects, the balances are amortized against the respective liability recognized in other payables (note 23).

Receivables – CDE: refer to low-income subsidies amounting and other tariff discounts granted to consumers amounting.

Prepaid expenses - mainly refers to advance expenses with PROINFA and software license.

"The right-of-use of lease contracts is presented in other (note 3,16).

(13) INVESTMENTS

	Parent Company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Equity method				
By equity method of the subsidiary (and joint venture)	17,957,758	15,011,538	516,376	614,765
Advances for future capital increases	59,000	1,043,120	-	-
Subtotal	18,016,758	16,054,658	516,376	614,765
Fair value of assets, net	268,394	341,938	4,285	7,743
Goodwill	6,054	6,054	-	-
Total	18,291,206	16,402,651	520,662	622,508

13.1 Equity interests – equity method

The main information on investments in direct equity interests is as follows:

	December 31, 2023				December 31, 2023	December 31, 2022	2023	2022
	Total assets	Issued capital	Equity	Profit or loss for the period	Share of equity of investees		Share of profit (loss) of investees	
Investment								
CPFL Paulista	21,010,229	1,378,272	2,229,207	1,544,447	2,229,207	1,193,678	1,544,447	707,238
CPFL Piratininga	7,774,802	267,673	592,154	542,941	592,154	366,553	542,941	512,992
CPFL Santa Cruz	2,149,846	218,756	514,590	102,347	514,590	442,243	102,347	103,407
RGE	17,661,556	2,853,248	4,711,287	1,114,694	4,176,401	3,517,956	1,004,802	952,937
CPFL Geração	5,080,416	1,322,783	4,220,527	1,171,358	4,220,527	4,044,252	1,171,358	2,042,978
CPFL Renováveis	9,324,468	2,632,292	4,786,008	1,360,024	2,352,323	2,830,016	668,452	635,148
CPFL Jaguarí Geração	37,041	40,108	36,990	452	36,990	25,432	452	(14,676)
CPFL Brasil	4,575,829	2,382,448	3,191,680	526,192	3,191,680	3,091,351	526,192	242,628
CPFL Planalto	5,775	630	4,914	4,284	4,914	5,039	4,284	4,409
CPFL Serviços	401,114	150,929	198,677	12,723	419,406	188,900	12,723	7,269
CPFL Atende	24,911	7,167	16,588	2,254	16,588	14,335	2,254	1,150
CPFL Infra	19,735	299	8,317	7,720	8,317	6,547	7,720	5,950
CPFL Pessoas	22,254	811	16,329	15,356	16,329	12,834	15,356	11,861
CPFL Finanças	34,081	385	27,300	26,838	27,300	17,105	26,838	20,643
CPFL Supre	15,038	826	10,529	9,539	10,529	5,926	9,539	10,807
CPFL Telecom	4,204	1,928	3,648	339	3,648	3,613	339	320
CPFL Eficiência	-	-	-	7,019	-	155,650	7,019	9,761
AUTHI	14,875	6,400	14,591	1,942	14,591	14,096	1,942	1,446
Alesta	185,313	95,000	176,657	60,903	176,657	118,647	60,903	44,116
Clion	4,998	4,242	4,603	119	4,603	484	119	224
Subtotal - by subsidiary's equity					18,016,758	16,054,658	5,710,026	5,300,608
Amortization of fair value adjustment of assets					-	-	(73,544)	(74,867)
Total					18,016,758	16,054,658	5,636,482	5,225,740
Investment					17,957,758	15,011,538		
Advances for future capital increases					59,000	1,043,120		

Asset surplus (value added) of net assets acquired in business combinations are classified in the parent's statement of profit or loss in the group of Investments. In the parent company's statement of profit or loss, the amortization of the asset surplus (value added) of net assets of R\$ 73,544 (R\$ 74,867 at December 2022) was classified in line item "share of profit (loss) of investees", in conformity with ICPC 09 (R2).

The movements, in the parent company, of the balances of investments in subsidiaries for years of 2023 and 2022 were as follows:

Investment	December 31, 2022	Capital increase /payment of capital	Share of profit (loss) of investees	Other comprehensive income	Dividend and Interest on capital	Advances for future capital increases	Others	December 31, 2023
CPFL Paulista	1,193,678	-	1,544,447	(74,687)	(434,232)	-	-	2,229,207
CPFL Piratininga	366,553	-	542,941	(4,680)	(312,659)	-	-	592,154
CPFL Santa Cruz	442,243	-	102,347	-	(30,000)	-	-	514,590
RGE	3,517,956	-	1,004,802	17,762	(364,119)	-	-	4,176,401
CPFL Geração	4,044,252	(700,000)	1,171,358	1,172	(296,548)	-	294	4,220,527
CPFL Renováveis	2,830,016	(688,100)	668,452	1,212	(459,541)	-	284	2,352,323
CPFL Jaguarí Geração	25,432	-	452	-	11,106	-	-	36,990
CPFL Brasil	3,091,351	-	526,192	(299,747)	(124,971)	-	(1,145)	3,191,680
CPFL Planalto	5,039	-	4,284	-	(4,409)	-	-	4,914
CPFL Serviços (*)	188,900	-	12,723	-	(2,946)	-	220,729	419,406
CPFL Atende	14,335	-	2,254	-	-	-	-	16,589
CPFL Infra	6,547	-	7,720	-	(5,950)	-	-	8,317
CPFL Pessoas	12,834	-	15,356	-	(11,861)	-	-	16,329
CPFL Finanças	17,105	-	26,838	-	(16,643)	-	-	27,300
CPFL Supri	5,926	-	9,539	-	(4,935)	-	-	10,530
CPFL Telecom	3,613	-	339	-	(304)	-	-	3,648
CPFL Eficiência (*)	155,650	-	7,019	-	(940)	59,000	(220,729)	-
AUTHI	14,096	-	1,942	-	(1,446)	-	-	14,591
Alesta	118,647	-	60,903	-	(2,893)	-	-	176,657
Clion	484	4,000	119	-	-	-	-	4,603
	16,054,658	(1,384,100)	5,710,025	(358,968)	(2,063,291)	59,000	(568)	18,016,758

(*) On December 29, 2023, CPFL Serviços carried out, at an Extraordinary General Meeting, the merger of CPFL Eficiência, which is a company of the same economic group and a direct subsidiary of CPFL Energia. The objective of this operation was to aiming at greater operational, administrative and financial efficiency, with the rationalization and maximization of results, as well as minimizing costs. Once the merger was effected, CPFL Eficiência was extinguished and succeeded by CPFL Serviços in all its rights, assets and obligations. The value of the incorporated liquid assets was R\$ 158,616.

Investment	December 31, 2021	Share of profit (loss) of investees	Other comprehensiv e income	Dividend and Interest on capital	Advances for future capital increases	Others	December 31, 2022
CPFL Paulista	1,551,033	707,238	263,192	(1,327,785)	-	-	1,193,678
CPFL Piratininga	387,459	512,992	83,197	(617,095)	-	-	366,553
CPFL Santa Cruz	432,359	103,407	(177)	(93,346)	-	-	442,243
RGE	3,271,259	952,937	45,881	(752,121)	-	-	3,517,956
CPFL Geração	4,207,597	2,042,978	3,288	(2,210,001)	-	391	4,044,252
CPFL Renováveis	2,815,646	635,148	3,178	(624,334)	-	378	2,830,016
CPFL Jaguarí Geração	59,214	(14,676)	-	(19,106)	-	-	25,432
CPFL Brasil	1,319,878	242,628	307,811	(57,624)	1,029,620	249,037	3,091,351
CPFL Planalto	3,014	4,409	-	(2,384)	-	-	5,039
CPFL Serviços	183,357	7,269	-	(1,726)	-	-	188,900
CPFL Atende	17,645	1,150	-	(4,460)	-	-	14,335
CPFL Infra	4,841	5,950	-	(4,243)	-	-	6,547
CPFL Pessoas	8,004	11,861	-	(7,031)	-	-	12,834
CPFL Finanças	12,565	20,643	-	(16,103)	-	-	17,105
CPFL Supri	5,432	10,807	-	(10,314)	-	-	5,926
CPFL Telecom	3,293	320	-	-	-	-	3,613
CPFL Eficiência	145,850	9,761	-	(13,461)	13,500	-	155,650
AUTHI	12,650	1,446	-	-	-	-	14,096
Alesta	76,627	44,116	-	(2,095)	-	-	118,647
Clion	260	224	-	-	-	-	484
	14,517,982	5,300,608	706,371	(5,763,228)	1,043,120	249,807	16,054,658

In the consolidated, the investment balances refer to interests in joint ventures accounted for using the equity method:

	December 31, 2023	December 31, 2022	2023	2022
Investments				
	Share of equity		Share of profit (loss)	
Baesa	113,621	127,288	(2,665)	(1,381)
Enercan	-	-	-	194,229
Chapecoense	144,776	186,139	241,008	223,652
EPASA	207,772	254,550	76,678	72,431
CSC-Central de Serv.Compartilhados S/A	1,555	1,093	465	379
Investments CPFL Transmissão	48,654	45,696	3,799	1,799
Fair value adjustments of assets, net	4,285	7,743	(577)	(579)
	520,662	622,508	318,708	490,530

13.2 Fair value adjustments and goodwill

Fair value adjustments refer basically to the right to the concession acquired through business combinations. The goodwill refers basically to acquisitions of investments and is based on projections of future profits.

In the financial statements, these amounts are classified as Intangible Assets (note 16).

13.3 Interest on capital and dividends receivable

At December 31, 2023 and 2022, the Company had the following amounts receivable from the subsidiaries below, relating to dividends and interest on capital:

Subsidiary	Parent Company					
	Dividend		Interest on capital		Total	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
CPFL Paulista	-	55,957	35,360	112,200	35,360	168,157
CPFL Piratininga	-	-	7,395	23,375	7,395	23,375
CPFL Santa Cruz	-	8,852	12,920	17,000	12,920	25,852
RGE	237,723	165,309	-	-	237,723	165,309
CPFL Geração	271,590	367,557	21,250	7,650	292,840	375,207
Jaguari de Geração	-	11,106	-	-	-	11,106
CPFL Brasil	124,971	57,624	-	-	124,971	57,624
CPFL Serviços	2,946	25,630	629	-	3,575	25,630
CPFL Atende	-	-	-	808	-	808
CPFL Eficiência	-	-	-	1,700	-	1,700
AUTHI	-	10,000	-	-	-	10,000
Alesta	2,893	2,095	-	-	2,893	2,095
	805,800	704,130	77,554	162,733	883,352	866,863

The consolidated balance included dividends and interest on capital receivable amounting to R\$ 10,286 on December 31, 2023 and R\$ R\$ 5,114 at December 31, 2022 related basically to joint ventures.

After resolutions of the AGMs/EGMs of its direct subsidiaries, the Company recognized in 2023 R\$ 391,916 relating to dividends and interest on capital for 2022. In addition, the subsidiaries declared in 2023 relating to results for 2022, and reversal of statutory reserves; (i) R\$ 1,413,595 as a dividend and (ii) R\$ 219,113 as interest on capital.

From the amounts recognized as receivables, R\$ 2,008,135 was paid to the Company by subsidiaries in 2023.

13.4 Business combination

13.4.1 Acquisition of shares in Campos Novos Energia S.A. (ENERCAN) by CPFL Geração

On July 29, 2022, the auction for the privatization of the control of CEEE-G took place, in the context of the privatization of the companies of the CEEE Group, by the Government of the State of Rio Grande do Sul. Among the investments held by CEEE-G, the percentage of 6.51% of the participation in Campos Novos Energia S.A. ("Enercan") stands out.

Pursuant to the ENERCAN Shareholders' Agreement, in case of sale of a stake by any shareholder, preemptive rights must be granted to the other ENERCAN shareholders. In view of this, considering the privatization of CEEE-G, through a Material Fact dated September 6, 2022, CPFL Energia (through its subsidiary CPFL Geração) expressed its Preemptive Rights in the acquisition of Enercan shares.

On September 23, approval was granted by the National Electric Energy Agency (ANEEL) and, on November 1, 2022, the transaction was certified by the Administrative Council for Public Defense - CADE.

On November 17, 2022, CPFL Energia, through CPFL Geração, concluded the acquisition of 3.39% of Enercan's share capital for the amount of R\$ 50,464. The ownership of the shares was transferred to CPFL Geração and the payment was made. In Management's understanding, with this acquisition, CPFL Geração becomes Enercan's controlling shareholder, as the company now holds the majority of shares, which gives it control of decisions related to substantive rights. This understanding is based on the analysis of the Shareholders' Agreement and the Bylaws of the acquiree, which resulted in a business combination in accordance with CPC 15 (R1) / IFRS 3. Due to the fact that CPFL Energia, through its subsidiary CPFL Geração, acquired control of a company over which it already held a previous stake, such transaction is considered, as defined by CPC 15 (R1) / IFRS 3, as a Business Combination achieved in stages, which, in turn, requires the remeasurement at fair value of the previously held investment. The fair value, on November 17, 2022 (acquisition date) of the equity interest that CPFL Geração held in Enercan immediately prior to the acquisition was R\$ 1,034,877. Considering that the book balance recorded was R\$ 364,860, CPFL Geração recorded in 2022 a remeasurement gain at fair value of the investment of R\$ 670,016, recorded in the line of Other Operating Income/Expenses.

Therefore, CPFL Geração now holds a 52.12% stake in Enercan (previously 48.72% and recorded using the equity method until the date of change of control). From the Group's perspective, the operation represents an opportunity to add value through increasing its participation in an already known asset, with recurring governance and monitoring within the group.

The object and main operational activity of Enercan is the construction, operation and exploitation of the Campos Novos Hydroelectric Power Plant ("Campos Novos UHE"), located on the Canoas River, between the municipalities of Campos Novos and Celso Ramos, State of Santa Catarina, and of the Associated Transmission System. The end of the concession is scheduled for January 6, 2039.

Enercan's administrative headquarters are located at Rua Lauro Linhares, nº 2010, Ed. Comercial São Francisco, Bloco B, Sala 101, Trindade neighborhood, Florianópolis, State of Santa Catarina, being a privately held corporation jointly controlled until the time of the complementary acquisition of 3.39% of shares to CPFL Geração.

Enercan owns an electricity generation plant with an average installed capacity of 880 MW, operated through a concession contract for the exploitation of public electricity generation services. Concession Agreement No. 43/200, granted on May 29, 2000, by the Government, provides for Enercan's exploration rights for a period of 35 years, which may be extended, subject to the approval of the regulatory body. In November 2021, the Company signed the terms of acceptance of the grant extension period, in accordance with Law 14.052/2020 and homologation resolutions 2.919/21 and 2.932/21, as a result of which its concession period was extended by 1,318 days, the new deadline for closing the concession will be January 6, 2039.

a) Consideration to be transferred

The consideration transferred was R\$ 50,464, paid in cash, in a single installment, on November 17, 2022. This payment will not be adjusted in any way, for example, due to variations in working capital and net debt. Furthermore, there are no contingent considerations in this transaction.

b) Acquired assets, recognized liabilities and non-controlling shareholders on the date of acquisition;

The measurement of the fair value and the allocation of the price paid of the assets and liabilities acquired from the acquisition of ENERCAN was determined on the acquisition date of November 17, 2022, and, at the end of the relevant year of the consolidated financial statements of December 31, 2023, the final allocation was determined (in line with technical pronouncement CPC 15 (R1) / IFRS 3), without changes in relation to the initial allocation. The entire measurement and allocation process was carried out based on a report contracted with an external specialist, and the measurement of fair value was carried out in a definitive way for the year ended in 2023. The valuation techniques vary according to the group of accounts evaluated, and can be: income approach, cost approach, among others.

To measure the fair value of acquired assets and assumed liabilities, including measuring the fair value of non-controlling interests, Management used the Income Approach method, which mainly involves the definition of assumptions about the discount rate, growth rate and projection of revenues and operating margins of the acquired company. These values will be confirmed after the completion of the economic-financial appraisal report, prepared by an independent appraiser.

The total amount paid in the transaction was allocated on the acquisition date to acquired assets and liabilities assumed, at fair values. Consequently, as the entire amount paid was provisionally allocated to identified assets and assumed liabilities, no residual value was allocated as *goodwill* in this transaction.

However, outside the scope of the total fair value identified in the transaction, a "intangible of Business Combination" in the amount of R\$ 236,715 was recognized in the individual financial statements of the acquirer as a contra entry to a deferred tax liability, due to the fact that the asset surplus generated in the remeasurement of the previous investment (R\$ 670,016), is non-deductible for tax purposes, which generates a difference between its accounting and the tax bases. In the consolidated financial statements, there was also the respective accounting of a deferred tax liability for the asset surplus, allocated mainly to property, plant and equipment, with the total intangible of Business Combination in the consolidated financial statements recorded as a counterpart to this deferred tax liability was of R\$ 447,697 (R\$430,032 in the initial allocation).

The final allocation of the price paid to the fair values of acquired assets and liabilities is presented as follows:

	17/11/2022 Enercan	17/11/2022 Enercan
	Preliminary	Final
<u>Current assets</u>		
Cash and cash equivalents	147.351	147.351
Accounts receivable	228.876	228.876
Prepaid Expenses	875	875
Recoverable Taxes	5.080	5.080
Other current assets	720	720
<u>Noncurrent assets</u>		
Escrow deposits	89.537	89.537
Other noncurrent assets	6.366	6.366
Investments	714	714
Property, plant and equipment (a)	2.127.838	2.127.838
Intangible	237.926	237.926
Amount not allocated	-	-
<u>Current liabilities</u>		
Suppliers	22.835	22.835
Labor obligations	897	897
Income Tax and Social Contribution payable	168.839	168.839
Other taxes, fees and contributions payable	14.687	14.687
Use of Public Asset Current	5.058	5.058
Regulatory liabilities current	9.101	9.101
Dividends	220.648	220.648
Other current liabilities	5.400	5.400
<u>Noncurrent liabilities</u>		
Use of Public Asset Noncurrent	41.980	41.980
Deferred income tax and social contribution	41.962	41.962
Regulatory liabilities Noncurrent	10.753	10.753
Provision for tax, civil and labor risks (b)	178.767	178.767
Other noncurrent liabilities	356	356
Net assets acquired	2.124.000	2.124.000
<u>Goodwill arising in acquisition</u>		
Consideration paid in cash, net	50.464	50.464
(+) Fair Value of Participation of controlling interests	1.106.987	1.106.987
(+) Fair Value of Participation of noncontrolling interests	1.017.013	1.017.013
(-) Fair value of net assets acquired	2.124.000	2.124.000

a) Calculated based on the nature of the assets and the information presented, the method of Quantification of Cost and Direct Comparison of Market Data, level 2 of the fair value hierarchy, was applied, having as main assumptions ANEEL's reference price database, bank of ANEEL's reference prices, synthetic or analytical budgets and useful life of assets.

b) In this business combination, for measuring the fair value of contingencies, level 3 of the fair value hierarchy, whose chances of loss were classified as possible and remote, were considered at their fair values, according to Management and its external and independent advisors. The amounts were measured based on the analysis of the Company's external lawyers.

Additionally, no adjustment of fair values of assets and liabilities was recognized in the period between the acquisition date and the base date for the consolidated financial statements.

c) Contingent Consideration

There is no clause in the agreement related to contingent consideration to be paid to the seller.

d) Indemnity assets

The agreement does not provide for any situations in which CPFL Geração (buyer) may be indemnified.

e) Recognized contingent liabilities

Below we present the recognized contingent liabilities in the amount of R\$ 81,487 on the date of acquisition:

	Enercan 17/11/2022
Tax lawsuits (i)	80,496
Civil lawsuits (i)	556
Other lawsuits (i)	434
Preliminary contingent liabilities	81,487
Provisions already recognized in the subsidiaries	97,281
Provisions for tax, civil and labor risks	178,767

i. These amounts represent the fair values of labor, civil and tax lawsuits whose concept falls under contingent liabilities that can be reliably measured. Considering that the settlement of these lawsuits depends on third parties, whether at the judicial or administrative levels, it is not possible to estimate a timeline for the occurrence of any cash outflows associated with these contingent liabilities. No indemnification assets were recognized for these contingent liabilities.

f) Acquired Receivables

The fair value of the acquired receivables is R\$ 228,876, which is the same gross contractual amount of the receivables and represents Management's best estimate of expected receipt.

g) Net cash inflow on acquisition

Considering that Enercan had a cash balance on November 1, 2022 of R\$ 147,351 and that the consideration to be transferred was R\$ 50,464, the net cash movement in the acquisition was a consolidated cash increase of R\$ 96,887.

h) Net operating revenue and net profit of the subsidiary included in the consolidated financial statements.

In the two-month period ended December 31, 2023, ENERCAN contributed net revenue of R\$ 180,957 and profit of R\$ 86,992 to the consolidated financial statements. If the acquisition had taken place on January 1, 2022, Management estimates that consolidated revenue would be R\$ 40,217,188 and consolidated profit would be R\$ 5,376,563. To determine these amounts, Management considered that the fair value adjustments, provisionally determined on the acquisition date, would have been the same as if the acquisition had occurred on January 1, 2022.

13.5 Noncontrolling interests and joint ventures

The disclosure of interests in subsidiaries, in accordance with IFRS 12 and CPC 45, is as follows:

13.5.1 Movements in noncontrolling interests

	CERAN	ENERCAN	LUDESA	Other subsidiaries of CPFL Renováveis	Paulista Lajeado	CPFL Transmissão and subsidiaries	Total
At December 31. 2021	113,593	-	40,836	68,451	88,949	1,347,844	1,659,677
Equity interest and voting capital	35.00%	47.88%	40.00%	Entre 5% e 10%	40.07%	33.92%	
Equity attributable to noncontrolling interests	20,444	35,976	23,061	980	(9,713)	48,479	119,227
Gain (loss) on interest with no change in control	-	-	-	-	-	(1,379,460)	(1,379,460)
Dividends	(34,705)	(57,869)	(22,499)	(2,734)	(15,059)	(9,037)	(141,902)
Other movements	-	-	-	-	(3)	(475)	(480)
Business combination	-	1,017,014	-	-	-	9,269	1,026,283
At December 31. 2022	99,333	995,120	41,398	66,697	64,173	16,621	1,283,345
Equity interest and voting capital	35.00%	47.88%	40.00%	Between 5% and 10%	40.07%	3.15%	
Equity attributable to noncontrolling interests	(2,601)	37,077	21,352	1,006	(49,988)	3,216	10,061
Gain (loss) on interest with no change in control	-	-	-	43	-	1,145	1,190
Dividends	5,111	(163,062)	(21,794)	(2,957)	9,897	-	(172,805)
Other comprehensive results: credit risk in mark-to-market	-	-	-	-	-	-	-
Other movements	-	2,176	(4,000)	-	(396)	(284)	(2,504)
At December 31. 2023	101,843	871,311	36,956	64,789	23,687	20,699	1,119,287
Equity interest and voting capital	35.00%	47.88%	40.00%	Entre 5% e 10%	40.07%	2.23%	

(*) As of December 31, 2021, the indirect subsidiary Cone Sul held 66.08% of CPFL Transmissão, which in turn, held 94.22% of TESB. On December 31, 2022, Cone Sul acquired the remaining stake in CPFL Transmissão, which in turn increased its stake in TESB to 96.85%. As of December 31, 2023, CPFL Transmissão's stake in TESB is 97.77%.

13.5.2 Summarized financial information on subsidiaries that have noncontrolling interests

The summarized financial information on subsidiaries that had non-controlling interests at December 31, 2023 and 2022, is as follows:

Balance sheet

	December 31, 2023						December 31, 2022					
	CERAN	ENERCAN	CPFL Transmissão and subsidiaries	LUDESA	Other subsidiaries of CPFL Renováveis	Paulista Lajeado	CERAN	ENERCAN	CPFL Transmissão and subsidiaries	LUDESA	Other subsidiaries of CPFL Renováveis	Paulista Lajeado
Current assets	96,612	431,059	1,393,098	14,876	87,345	15,422	103,120	317,077	1,195,443	19,187	57,870	10,811
Cash and cash equivalents	74,778	160,489	374,296	2,649	34,209	8,552	71,365	78,897	268,915	5,182	22,036	1,155
Non-current assets	700,926	2,270,150	5,970,735	83,252	475,215	50,539	732,834	2,872,743	5,180,689	87,441	492,996	105,531
Current liabilities	303,869	266,340	647,414	5,741	74,995	6,390	332,825	400,674	616,597	3,134	45,128	29,270
Borrowings and debentures	-	-	19,008	-	11,632	4,037	-	-	83,430	-	17,716	-
Other financial liabilities	29,590	-	146,900	1,269	9,605	1,238	30,567	-	73,270	1,294	565	4,074
Non-current liabilities	202,688	596,844	3,962,237	-	137,847	908	219,120	710,969	2,437,835	-	140,232	856
Borrowings and debentures	-	-	2,129,313	-	101,795	-	-	-	977,537	-	107,092	-
Other financial liabilities	133,929	-	-	-	-	-	143,959	-	-	-	-	-
Equity	290,980	1,838,026	2,754,452	92,388	349,718	58,684	278,277	3,321,701	103,494	365,507	86,216	86,216
Equity attributable to owners of the Company	189,137	966,715	2,733,483	55,432	284,929	34,977	184,476	1,083,157	62,096	298,810	22,043	22,043
Equity attributable to noncontrolling interests	101,843	871,311	20,699	36,956	64,789	23,687	99,333	995,120	16,621	41,398	66,697	64,173

Income statement

	2023						2022					
	CERAN	ENERCAN	CPFL Transmissão and subsidiaries	LUDESA	Other subsidiaries of CPFL Renováveis	Paulista Lajeado	CERAN	ENERCAN	CPFL Transmissão and subsidiaries	LUDESA	Other subsidiaries of CPFL Renováveis	Paulista Lajeado
Net operating revenue	107,764	1,007,075	1,792,452	66,008	112,741	18,528	255,020	180,957	1,413,484	70,504	110,218	36,751
Operational costs and expenses	(78,610)	(508,431)	(792,409)	(5,587)	(36,854)	(71,605)	(95,716)	(43,071)	(549,034)	(5,566)	(29,736)	(83,109)
Depreciation and amortization	(42,051)	(179,344)	(57,811)	(8,359)	(23,682)	(2,875)	(41,557)	(23,843)	(70,121)	(5,458)	(25,888)	(1)
Interest income	9,308	20,114	51,341	745	6,142	393	5,891	3,584	38,857	738	5,272	830
Interest expense	(9,379)	(1,473)	(365,185)	-	(6,773)	(405)	(25,602)	294	(208,124)	-	(11,836)	-
Income tax expense	4,571	(237,568)	(192,781)	(2,344)	(5,832)	-	(28,799)	(42,454)	(256,693)	(2,487)	(5,179)	(2,778)
Profit (loss) for the year	(7,432)	97,952	521,463	53,379	42,351	(50,006)	58,412	75,135	484,669	97,652	41,279	(24,241)
Attributable to owners of the Company	(4,831)	60,875	518,248	32,027	41,345	(18)	37,968	59,159	436,189	34,591	40,229	(14,528)
Attributable to noncontrolling interests	(2,601)	37,077	3,216	21,352	1,006	(49,988)	20,444	35,976	48,479	23,061	980	(9,713)

13.5.3 Joint ventures

The summarized financial information on joint ventures at December 31, 2023 and December 31, 2022, is as follows:

Balance sheet

	December 31, 2023			December 31, 2022		
	Baesa	Chapecoense	Epasa	Baesa	Chapecoense	Epasa
Current assets	52,839	410,738	415,233	67,841	542,591	450,784
Cash and cash equivalents	13,099	222,719	243,076	21,333	381,283	299,182
Non-current assets	1,013,972	2,202,982	95,258	1,070,100	2,351,441	188,837
Current liabilities	110,840	623,041	81,740	86,232	592,312	96,719
Borrowings and debentures	-	234,447	-	-	235,203	-
Other financial liabilities	68,586	141,833	5,528	73,479	142,306	6,681
Non-current liabilities	501,595	1,706,804	39,254	542,675	1,936,742	65,711
Borrowings and debentures	-	653,355	-	-	877,391	-
Other financial liabilities	414,639	1,044,375	-	448,501	1,050,961	-
Equity	454,375	283,874	389,497	509,033	364,978	477,191

Income statement

	December 31, 2023			December 31, 2022		
	Baesa	Chapecoense	Epasa	Baesa	Chapecoense	Epasa
Net operating revenue	195,121	1,271,750	352,131	323,099	1,194,081	311,259
Operational costs and expenses	(142,993)	(273,892)	(112,451)	(213,034)	(251,257)	(82,602)
Depreciation and amortization	(57,559)	(103,200)	(92,690)	(57,154)	(106,633)	(91,322)
Interest income	4,313	46,393	31,221	6,208	60,309	33,592
Interest expense	(16,010)	(178,594)	-	(67,854)	(224,185)	(4,101)
Income tax expense	6,798	(280,537)	(32,809)	4,057	(222,078)	(31,458)
Profit (loss) for the year	(10,658)	472,564	143,745	(5,524)	438,534	135,783
Equity Interests and voting capital	25.01%	51.00%	53.34%	25.01%	51.00%	53.34%

By holding more than 50% of the equity interest in Epasa and Chapecoense, the subsidiary CPFL Geração jointly controls these investments with other shareholders. The analysis of the classification of the type of investment is based on the Shareholders' Agreement of each joint venture.

The borrowings from BNDES obtained by the joint venture Chapecoense establish restrictions on the payment of dividend to subsidiary CPFL Geração above the minimum mandatory dividend of 25% without the prior consent of BNDES.

13.5.4 Joint ventures operation

Through its wholly-owned subsidiary CPFL Renováveis, the Company holds part of the assets of the Serra da Mesa hydropower plant, located on the Tocantins River, in Goiás State. The concession and the right to operate the hydropower plant are held by Furnas Centrais Elétricas S.A. In order to maintain these assets operating jointly with Furnas (jointly operation), CPFL Renováveis was assured 51.54% of the installed power of 1,275 MW (657 MW) and the assured average energy of 605.7 MW (assured average energy of 312.18 MW) until 2028.

(14) PROPERTY, PLANT AND EQUIPMENT

	Consolidated							
	Land	Reservoirs. dams and water mains	Buildings. construction and improvements	Machinery and equipment	Vehicles	Furniture and fittings	In progress	Total
At December 31. 2021	163,416	1,211,800	878,637	6,066,224	63,895	9,161	361,484	8,754,616
Historical cost	227,822	2,245,337	1,655,176	10,696,480	160,474	33,816	361,484	15,380,589
Accumulated depreciation	(64,406)	(1,033,536)	(776,539)	(4,630,256)	(96,580)	(24,655)	-	(6,625,973)
Additions	-	-	-	-	-	-	379,714	379,714
Disposals	-	(15,379)	(1,289)	(50,269)	(4,478)	(2,272)	(82,641)	(156,328)
Transfers	5,724	3,480	113	(64,037)	16,570	75	38,075	-
Depreciation	(5,046)	(55,388)	(79,246)	(480,665)	(19,653)	(991)	-	(640,990)
Write-off of depreciation	-	334	11,395	27,355	3,701	7,551	-	50,336
Business combination	12,586	1,543,598	207,984	445,368	1,011	501	15,669	2,226,718
At December 31. 2022	176,680	2,688,446	1,017,593	5,943,976	61,047	14,026	712,301	10,614,068
Historical cost	250,014	4,271,046	1,889,777	11,301,083	170,218	34,607	712,301	18,629,045
Accumulated depreciation	(73,334)	(1,582,601)	(872,184)	(5,357,107)	(109,171)	(20,581)	-	(8,014,978)
Additions	-	-	-	-	-	-	671,474	671,474
Disposals	-	(1,493)	(11,452)	(163,242)	(17,959)	(78)	(147,886)	(342,110)
Transfers	(1,677)	13,157	(19,885)	209,229	12,149	1,186	(214,161)	-
Depreciation	(4,289)	(71,411)	(47,439)	(451,888)	(16,826)	(945)	-	(592,797)
Write-off of depreciation	-	949	3,507	112,030	2,764	59	-	119,310
Impairment	(521)	(268,028)	(32,807)	(32,827)	-	(9)	-	(334,193)
At December 31. 2023	170,193	2,361,619	909,517	5,617,278	41,175	14,239	1,021,728	10,135,751
Historical cost	247,816	4,014,682	1,825,633	11,314,243	164,408	35,706	1,021,728	18,740,376
Accumulated depreciation	(77,623)	(1,653,063)	(916,116)	(5,696,965)	(123,233)	(21,467)	-	(8,604,625)
Average depreciation rate 2022	3.86%	2.56%	4.59%	4.07%	12.09%	3.78%		
Average depreciation rate 2023	3.86%	2.71%	3.80%	4.06%	12.19%	2.77%		

The balance of construction in progress, in the consolidated balances, refers mainly to works in progress of operating for the projects of subsidiary CPFL Renováveis, which has construction in progress of R\$ 867,703 at December 31, 2023 (R\$ 595,324 at December 31, 2022), with emphasis on the construction of PCH Cherobim and maintenance works, especially in wind farms.

In conformity with CPC 20 (R1) and IAS 23, the interest on borrowings taken by subsidiaries to finance the works is capitalized during the construction phase. In the consolidated balances, for the year 2023, there was no interest capitalized on qualifying assets, in accordance to CPC 20 (R1) and IAS 23 (R\$ 5,216 at December 31, 2022)."

In the consolidated balances, the depreciation amounts are recognized in the statement of profit or loss in line item "depreciation and amortization".

At December 31, 2023, the total amount of property, plant and equipment pledged as collateral for borrowings, as mentioned in note 18, is approximately R\$ 550,986 (R\$ 602,386 at December 31, 2022), mainly relating to the subsidiary CPFL Renováveis.

Asset impairment test

Annually, the Group evaluates possible indications of devaluation of its assets that could generate the need for impairment tests in line with CPC 01 (R1) - Impairment of Assets. This assessment was based on external and internal sources of information, taking into account variations in interest rates, changes in market conditions, among others.

For the year 2023, the Company identified indicators related to the hydrological conditions of high supply in the country, for the businesses of some Cash Generating Units ("UGCs") in the power generation segment, which generated a change in the cash generation projection of these assets. The recoverable value of these UGCs, of R\$ 3,236,877, was calculated based on the value in use of each cash-generating unit, using the free cash flow to equity approach, a valuation technique that reflects the future cash flow of each project. Management relied on multi-year budget assumptions, available market information, and performance in previous periods.

The assumptions used to calculate the discounted cash flow of each project included: (i) energy generation volume expectations; (ii) expectations regarding future energy prices; (iii) availability of power generation capacity; (iv) concession/authorization period; and (v) other market conditions. The discount rate used by the Company was approximately 11%.

As a result of the tests carried out, in December 2023, it was recognized, for its UGC Enercan, a provision for losses in the amount of R\$ 334,193. This loss was allocated in the profit and loss account under the heading "Other Operating Expenses" (note 28).

For the other UGCs, there was no need to recognize a provision for impairment of their fixed assets or intangible assets from business combinations.

In the 2022 fiscal year, there was no need for a provision for asset impairment.

(15) CONTRACT ASSET

	Distribution	Transmission	Consolidated
At December 31. 2021	1,826,598	4,859,407	6,686,005
Current	-	845,025	845,025
Non-current	1,826,598	4,014,382	5,840,980
Additions	4,848,405	712,658	5,561,062
Transfer - intangible assets in service	(1,108,393)	-	(1,108,393)
Transfer - financial assets	(3,594,738)	-	(3,594,738)
Monetary adjustment	-	958,256	958,256
Amortization	-	(745,634)	(745,634)
Business combination	-	1,391	1,391
Others	-	60,182	60,182
At December 31. 2022	1,971,872	5,846,260	7,818,132
Current	-	709,222	709,222
Non-current	1,971,872	5,137,038	7,108,910
Additions	3,835,530	879,534	4,715,064
Transfer - intangible assets in service	(722,747)	-	(722,747)
Transfer - financial assets	(2,512,521)	-	(2,512,521)
Monetary adjustment	-	602,241	602,241
Amortization	-	(686,906)	(686,906)
Others	-	(44,617)	(44,617)
At December 31. 2023	2,572,134	6,596,512	9,168,646
Current	-	746,783	746,783
Non-current	2,572,134	5,849,729	8,421,862

Contractual asset of distribution companies: Refers to concession infrastructure assets of the distribution companies during the construction period.

Contract asset of transmission companies: refers to the right to receive the “Permitted Annual Revenue – RAP” over the concession period as well as an indemnity at the end of the concession of the transmission subsidiaries.

Asset impairment test

For all the years presented, the Company evaluated any indications of devaluation of its assets that could generate the need for tests on the recovery value. This assessment was based on external and internal sources of information, taking into account variations in interest rates, changes in market conditions, among others. For the years 2023 and 2022, there was no need for a recovery provision.

(16) INTANGIBLE ASSETS

	Consolidated					Total
	Goodwill	Acquired in business combinations	Concession right Distribution infrastructure - operational	Public utilities/Concession asset	Other intangible assets	
At December 31. 2021	6,115	3,731,861	5,528,035	261,136	146,462	9,673,609
Historical cost	6,152	8,344,528	14,296,858	284,119	336,920	23,268,578
Accumulated amortization	(37)	(4,612,667)	(8,768,823)	(22,983)	(190,459)	(13,594,969)
Additions	-	-	-	-	21,067	21,067
Amortization	-	(318,331)	(998,239)	(11,308)	(44,401)	(1,372,279)
Transfer - contract assets	-	-	1,106,512	-	1,881	1,108,393
Transfer - financial asset	-	-	13,957	-	-	13,957
Disposal and transfer - other assets	-	(8,641)	(67,833)	-	(750)	(77,224)
Business combination	430,032	(128,824)	-	12,252	226,362	539,822
At December 31. 2022	436,148	3,276,065	5,582,431	262,079	350,621	9,907,344
Historical cost	436,184	8,215,704	15,349,493	302,746	609,851	24,913,978
Accumulated amortization	(37)	(4,939,639)	(9,767,062)	(40,666)	(259,230)	(15,006,634)
Additions	17,664	-	-	-	18,834	36,498
Amortization	-	(355,352)	(1,103,285)	(11,195)	(48,019)	(1,517,850)
Transfer - contract assets	-	-	722,747	-	1,120	723,866
Transfer - financial asset	-	-	33,765	-	-	33,765
Disposal and transfer - other assets	(447,697)	447,697	(83,229)	-	(14,624)	(97,853)
Disposal and transfer - other assets	-	(112,009)	-	-	-	(112,009)
At December 31. 2023	6,115	3,256,404	5,152,429	250,884	307,932	8,973,764
Historical cost	6,152	8,551,392	16,022,776	302,745	615,181	25,610,254
Accumulated amortization	(37)	(5,294,991)	(10,870,347)	(51,861)	(307,249)	(16,636,493)

In the consolidated financial statements the amortization of intangible assets is recognized in the income statement as follows: (i) "depreciation and amortization" for amortization of distribution infrastructure intangible assets, use of public asset and other intangible assets; and (ii) "amortization of concession intangible asset" for amortization of the intangible asset acquired in business combination.

In 2023, as a result of the final calculation of the business combination of the subsidiary Enercan (note 13), the amount of R\$ 447,697 initially recognized as Goodwill was reclassified as Intangible Acquired in a Business Combination.

In conformity with CPC 20 (R1) and IAS 23, the interest on borrowings taken by subsidiaries for construction financing is capitalized during the construction stage for qualifying assets. In the consolidated, for of the year of 2023, R\$ 38,858 were capitalized (R\$ 53,547 at December 31, 2022) at a rate of 7.28% p.a. (at a rate of 7.13% p.a. at December 31, 2022).

16.1 Intangible asset acquired in business combinations

The breakdown of the intangible asset related to the right to operate the concessions acquired in business combinations is as follows:

	Consolidated					
	December 31, 2023			December 31, 2022	Annual amortization rate	
	Historic cost	Accumulated amortization	Net value	Net value	2023	2022
Intangible asset - acquired in business combinations						
Intangible asset acquired and not merged						
CPFL Paulista	304,861	(266,915)	37,947	47,932	3.28%	3.28%
CPFL Piratininga	39,065	(32,808)	6,257	7,552	3.31%	3.31%
RGE	3,768	(3,073)	695	871	4.67%	4.67%
CPFL Geração	54,555	(46,559)	7,996	9,841	3.38%	3.38%
Jaguari Geração	7,896	(5,469)	2,427	2,696	3.41%	3.41%
CPFL Renováveis	3,653,906	(1,866,496)	1,787,410	1,945,465	4.33%	4.55%
CPFL Transmissão	720,246	(76,261)	643,985	677,880	4.71%	5.19%
Enercan	335,688	(34,191)	301,500	-	10.19%	-
Subtotal	5,119,986	(2,331,773)	2,788,215	2,692,236		
Intangible asset acquired and merged						
RGE	1,433,007	(1,231,492)	201,515	253,571	3.63%	3.63%
CPFL Renováveis	426,450	(383,262)	43,188	53,154	2.34%	2.34%
Subtotal	1,859,457	(1,614,754)	244,703	306,725		
Intangible asset acquired and merged – reassembled						
CPFL Paulista	1,074,026	(947,892)	126,134	158,339	3.00%	3.00%
CPFL Piratininga	115,762	(97,220)	18,542	22,378	3.31%	3.31%
Jaguari Geração	15,275	(11,136)	4,139	4,599	3.01%	3.01%
RGE	366,887	(292,214)	74,673	91,789	4.67%	4.67%
Subtotal	1,571,950	(1,348,461)	223,488	277,104		
Total	8,551,392	(5,294,988)	3,256,404	3,276,065		

The intangible assets acquired in business combinations are related to the right to operate the concessions and comprises:

- Intangible asset acquired, not subsumed

Basically refers to the intangible asset of acquisition without the incorporation, involving acquirer and acquired

- Intangible asset acquired and subsumed

Refers to the intangible asset from the acquisition of subsidiaries that were incorporated into the respective equity, without application of CVM legal instructions No. 319/1999 and No. 349/2001, that is, without segregation of the related tax benefit installment amount.

-Intangible asset acquired and merged – Reassembled

In order to comply with ANEEL requirements and avoid the amortization of the intangible asset resulting from the merger of parent company causing a negative impact on dividend paid to noncontrolling interests, at the time of the merger, the subsidiaries applied the concepts of CVM legal instructions No. 319/1999 and No. 349/2001 to the intangible asset. A reserve was therefore recognized to adjust the intangible, against a special goodwill reserve on the merger of equity in each subsidiary, so that the effect of the transaction on the equity reflects the tax benefit of the merged intangible asset. These changes affected the Company's investment in subsidiaries, and in order to adjust this, a nondeductible intangible asset was recognized for tax purposes, in order to recompose it.

16.2 Impairment Test of Assets

As mentioned in explanatory note no. 14, for all the presented financial years, the Company evaluated possible signs of devaluation of its assets that could generate the need for impairment tests. This assessment was based on external and internal sources of information, taking into account variations in interest rates, changes in market conditions, among others. For the fiscal years 2023 and 2022, there was no need for a provision for impairment of the Company's intangible assets.

(17) TRADE PAYABLES

	Consolidated	
	December 31, 2023	December 31, 2022
<u>Current</u>		
System service charges	68,633	1,574
Energy purchased	1,764,180	1,661,939
Electricity network usage charges	559,269	492,104
Materials and services	1,077,528	885,473
Free market energy	222,880	186,678
Total	3,692,489	3,227,768
<u>Non-current</u>		
Energy purchased	397,008	413,822
Materials and services	414	11,122
Total	397,422	424,945

(18) BORROWINGS

The movement in borrowings were as follows:

Category	Consolidated						At December 31. 2023
	At December 31. 2022	Raised	Repayment	Interest. monetary adjustment and fair value measurement	Exchange rates variation	Interest paid	
Local currency							
Measured at cost							
Pre fixed	1,808	-	(1,806)	12	-	(14)	-
Post fixed							
TJLP	402,853	-	(71,973)	32,930	-	(29,179)	334,632
IPCA	5,448,388	80,000	(399,239)	476,618	-	(237,346)	5,368,421
CDI	1,165,179	-	(52,801)	157,997	-	(3,675)	1,266,700
IGP-M	13,250	-	(12,920)	211	-	(541)	-
Borrowing costs	(39,628)	-	-	8,889	-	-	(30,739)
Subtotal	6,991,850	80,000	(538,739)	676,657	-	(270,755)	6,939,013
Measured at fair value							
Pre fixed	578,983	-	-	38,581	-	(38,581)	578,983
Mark to market	(36,288)	-	-	31,984	-	-	(4,304)
Subtotal	542,695	-	-	70,565	-	(38,581)	574,679
Total - Local currency	7,534,545	80,000	(538,739)	747,222	-	(309,336)	7,513,692
Foreign currency							
Measured at fair value							
Dollar	4,898,615	1,448,290	(1,751,505)	144,091	(306,988)	(141,166)	4,291,337
Euro	1,614,653	81,564	(1,119,220)	12,753	(17,865)	(4,609)	567,276
Yen	-	1,461,000	-	4,946	(163,240)	(5,578)	1,297,128
Mark to market	(280,146)	-	-	122,089	-	-	(158,057)
Subtotal	6,233,122	2,990,854	(2,870,725)	283,880	(488,093)	(151,353)	5,997,684
Total	13,767,666	3,070,854	(3,409,464)	1,031,102	(488,093)	(460,689)	13,511,377
Current	3,362,615						3,531,710
Non-current	10,405,052						9,979,666

Category	Consolidated						At December 31, 2022
	At December 31, 2021	Raised	Repayment	Interest, monetary adjustment and fair value measurement	Exchange rates variation	Interest paid	
Local currency							
Measured at cost							
Pre fixed	8,268	-	(6,451)	141	-	(150)	1,808
Post fixed							
TJLP	452,301	-	(52,177)	35,691	-	(32,962)	402,853
IPCA	4,640,334	775,933	(257,200)	532,999	-	(243,679)	5,448,388
CDI	1,075,836	2,209,620	(2,182,400)	171,968	-	(109,845)	1,165,179
IGP-M	29,205	-	(17,767)	3,854	-	(2,042)	13,250
Borrowing costs	(47,032)	(6,747)	-	14,151	-	-	(39,628)
Subtotal	6,158,913	2,978,806	(2,515,994)	758,803	-	(388,678)	6,991,850
Measured at fair value							
Pre fixed	578,983	-	-	38,581	-	(38,581)	578,983
Fair value measurement	(43,009)	-	-	6,720	-	-	(36,288)
Subtotal	535,975	-	-	45,302	-	(38,581)	542,695
Total - Local currency	6,694,888	2,978,806	(2,515,994)	804,105	-	(427,259)	7,534,545
Foreign currency							
Measured at cost							
Dollar	649,363	-	(583,635)	5,762	(25,982)	(45,508)	-
Subtotal	649,363	-	(583,635)	5,762	(25,982)	(45,508)	-
Measured at fair value							
Dollar	4,869,460	870,574	(550,357)	108,639	(297,469)	(102,232)	4,898,615
Euro	2,421,705	-	(524,832)	9,510	(281,744)	(9,986)	1,614,653
Fair value measurement	(172,545)	-	-	(107,601)	-	-	(280,146)
Subtotal	7,118,620	870,574	(1,075,189)	10,548	(579,213)	(112,218)	6,233,122
Total foreign currency	7,767,983	870,574	(1,658,824)	16,310	(605,195)	(157,727)	6,233,122
Total	14,462,869	3,849,380	(4,174,818)	820,415	(605,195)	(584,985)	13,767,666
Current	2,246,711						3,362,615
Non-current	12,216,158						10,405,052

In accordance with CPC 48, borrowing costs refer to costs directly attributable to debts and these are classified as (i) financial liabilities measured at amortized cost and (ii) financial liabilities measured at fair value through profit or loss.

The classification as financial liabilities of loans and financing measured at fair value aims to confront the effects of the recognition of income and expenses arising from the marking to market of hedging derivatives, linked to the respective debts, in order to obtain more relevant accounting information and consistent, reducing the accounting mismatch.

Changes in the fair values of these debts are recognized in the Group's financial result. At December 31, 2023, the unrealized accumulated gains obtained from the fair value measurement of these debts were R\$ 162,361 (R\$ 316,434 at December 31, 2022) which reduced by the unrealized losses obtained with the fair value measurement of derivative financial instruments of R\$ 173,900 (loss of R\$ 302,920 at December 31, 2022), contracted to hedge against the exchange rate variation (note 34), generated a net gain not realized of R\$ 11,539 (R\$ 13,514 on December 31, 2022).

The detail on borrowings are as follows:

Category	Annual interest	Consolidated		Maturity range	Collateral
		December 31, 2023	December 31, 2022		
Measured at cost - Local currency					
Pre fixed					
FINEM	Pre-fixed 2.5%	-	242	2016 to 2023	Fiduciary Assignment of Federal Public Securities. Treasury Note - Series B
FINAME	Pre-fixed from 2.5% to 3%	-	1,566	2012 to 2023	(i) Liens on equipment; (ii) Pledge and liens on credit rights; (iii) Reserve, centralizing and receivables accounts; (iv) CPFL Renováveis, CPFL Energia e State Grid Brazil Power guarantee
		-	1,808		
Post Fixed					
TJLP					
FINEM	TJLP and TJLP + from 1.72% to 3.05%	334,632	402,853	2012 to 2039	(i) Pledge and liens on equipment; (ii) Pledge and liens on credit rights (iii) Reserve, centralizing and receivables accounts; (iv) Pledge of shares (v) Pledge of emergents rights authorized by ANEEL; (vi) Pledge of beneficiary shares; (vii) CPFL Renováveis, CPFL Energia and State Grid Brazil Power guarantee; (viii) Bank guarantee (IX) Fiduciary Assignment of Federal Public Securities. Treasury Note - Series B
		334,632	402,853		
IPCA					
FINEM	IPCA + 4.27% to 4.80%	5,164,034	5,232,592	2020 to 2040	CPFL Energia guarantee and receivables
BNB	IPCA + from 1.06 to 1.48%	204,387	215,795	2022 to 2044	Bank guarantee
		5,368,421	5,448,388		
CDI					
Bank loans	105% of the CDI	-	55,205	2012 to 2023	(i) CPFL Energia guarantee; (ii) Structure of redeemable preferred shares and (iii) CPFL Renováveis guarantee
Promissory notes	CDI + 0.96%	1,266,700	1,109,975	2024	CPFL Energia guarantee
		1,266,700	1,165,179		
IGPM					
Bank loans	IGPM + 8.63%	-	13,250	2013 to 2023	(i) Liens on equipment and receivables (ii) Pledge of shares of SPE and rights authorized by ANEEL and receivables of operation contracts
Borrowing costs (*)		(30,739)	(39,628)		
Subtotal		6,939,013	6,991,850		
Measured at fair value - Local currency					
Pre fixed					
Bank loans (Law 4.131)	Pre-fixed from 6.16% to 7.38%	578,983	578,983	2024	CPFL Energia guarantee and Promissory notes
		(4,304)	(36,288)		
Mark to market		574,679	542,695		
Subtotal					
Total - Local currency		7,513,692	7,534,545		
Measured at cost - Foreign Currency					
Bank loans (Law 4.131)					
Dólar	US\$ + SOFR + from 0.87% to 0.99% and US\$ + from 0.78% to 5.91%	4,291,337	4,898,615	2023 to 2025	CPFL Energia guarantee and Promissory notes
Euro	Euro + from 0.69% to 4.22%	567,276	1,614,653	2021 to 2025	CPFL Energia guarantee and Promissory notes
Yen	Yen + 1.20%	1,297,128	-	2023 to 2026	CPFL Energia guarantee and Promissory notes
		6,155,741	6,513,268		
Mark to market		(158,057)	(280,146)		
Total in foreign currency		5,997,684	6,233,122		
		13,511,377	13,767,666		

Certain bank loans, especially those contracted in foreign currency, have a swap converting exchange rate variation and pre-fixed rate, into interest rate variation. For more information on the rates considered, see note 34. The effective rates on loans measured at cost, range from 50% to 109% of the CDI.

The maturities of the principal of borrowings recorded in noncurrent liabilities are scheduled as follows:

<u>Maturity</u>	<u>Consolidated</u>
2025	1,541,011
2026	3,586,126
2027	2,387,186
2028	1,625,932
2029	537,205
2030 a 2034	267,696
2035 a 2039	125,217
2040 a 2044	51,478
Subtotal	10,123,345
Fair value measurement	(143,679)
Total	9,979,666

The main indexes used for adjusting borrowings for inflation and the indebtedness profile in local and foreign currency, already considering the effects of the derivative instruments, are as follows:

Index	<u>Accumulated variation %</u>		<u>Consolidated % of debt</u>	
	2023	2022	December 31,	December 31,
			2023	2022
TJLP	6.84	6.78	2.5	2.9
IPCA	4.62	5.79	39.5	39.3
CDI	11.65	13.65	58.0	53.7
Others			0.0	4.0
			100	100

Borrowings raised in the year:

Category Subsidiary	Released (R\$ thousand)		Interest payment	Repayment	Utilization	Annual rate and effective annual rate	Effective rate with derivative
	Total approved	Released in 2023					
Foreign currency - Law 4.131							
CPFL Paulista	1,101,000	1,101,000	Semester	Bullet in January 2026	Working capital	YEN + 1.20%	CDI + 1.40%
CPFL Jaguarí	80,000	80,000	Semester	Bullet in February 2026	Working capital	Dólar + 5.91%	CDI + 1.33%
CPFL Brasil	129,408	129,408	Semester	Bullet in June 2023	Working capital	Dólar + 4.80%	CDI + 0.58%
CPFL Jaguarí	152,049	152,049	Semester	Bullet in December 2025	Working capital	Dólar + 4.71%	CDI + 1.20%
CPFL Piratininga	344,644	344,644	Semester	Bullet in December 2025	Working capital	Dólar + 4.71%	CDI + 1.20%
CPFL Jaguarí	81,564	81,564	Semester	Bullet in March 2025	Working capital	Euro + 4.22%	CDI + 1.10%
RGE	177,354	177,354	Semester	Bullet in December 2025	Working capital	Dólar + 4.73%	CDI + 1.25%
RGE	148,641	148,641	Semester	Bullet in December 2025	Working capital	Dólar + 4.49%	CDI + 1.25%
RGE	360,000	360,000	Semester	Bullet in July 2026	Working capital	YEN + 0.92%	CDI + 1.40%
CPFL Transmissão	416,195	416,195	Semester	Bullet in December 2025	Working capital	Dólar + 4.49%	CDI + 1.25%
IPCA - BNDES							
CPFL Renováveis	221,936	80,000	Quarterly	Monthly from July 2024	Investment	IPCA + 4.18%	not applicable
	3.212.791	3.070.854					

Pre-payment:

During the 2023 fiscal year, there were no relevant early settlements (R\$ 2,094,306 of commercial notes in 2022).

Covenants

Borrowings raised by Group companies require compliance with certain restrictive financial clauses, under penalty of restriction in the distribution of dividends and/or advance maturity of the related debts. Furthermore, failure to comply with the obligations or restrictions mentioned may result in default in relation to other contractual obligations (cross default), depending on each borrowing agreement. Additionally, borrowings contain non-financial covenants, which are met as per the last calculation period.

The calculations are made on an annual or semiannual basis, as appropriate. As the maximum and minimum ratios vary among the contracts, we present below the most critical parameters of each ratio, considering all contracts in effect at December 31, 2023.

Ratios required in the consolidated financial statements of CPFL Energia

- Net debt divided by adjusted EBITDA lower than or equal to 3.75
- Adjusted EBITDA divided by Finance Income (Costs) greater than or equal to 2.25.
- Equity divided by equity plus net debt greater than or equal to 0.28.

Ratios required in the individual financial statements of subsidiaries of CPFL Renováveis, holders of the contract

- Debt Service Coverage Ratio (ICSD) greater than or equal to an index ranging to 1.2
- Own Capitalization Ratio greater than or equal to 30%.

Ratios required in the individual financial statements of the distribution's subsidiaries, which hold the contracts

- Net debt divided by EBITDA adjusted less than or equal to 4.0

Ratio required in the consolidated financial statements of State Grid Brazil Power Participações S.A.

- Equity divided by Total Assets (disregarding the effects of IFRIC 12 / OCPC 01) minimum of to 0.3.

For purposes of determining covenants, the definition of EBITDA at the Company takes into consideration mainly the consolidation of subsidiaries, associates and joint ventures based on the Company's direct or indirect interests in those companies (for both EBITDA and assets and liabilities).

The Group's management monitors these ratios on a systematic and constant basis, so that all conditions are met. In the opinion of the Group's management, all covenants and financial and non-financial clauses are properly complied with as at December 31, 2023.

(19) DEBENTURES

The movement in debentures was as follows:

Category	Consolidated					At December 31, 2023
	At December 31, 2022	Raised	Repayment	Interest, monetary adjustment and fair value measurement	Interest paid	
Measured at cost - Post fixed						
CDI	8,414,989	490,000	(858,068)	1,115,409	(1,221,543)	7,940,787
IPCA	912,796	-	(372,879)	70,358	(41,295)	568,980
Borrowing costs	(25,555)	(1,053)	-	6,099	-	(20,509)
Total at cost	9,302,230	488,947	(1,230,947)	1,191,866	(1,262,838)	8,489,259
Measured at fair value - Post fixed						
IPCA	2,625,069	1,750,000	-	284,252	(138,796)	4,520,525
Mark to market	(312,541)	-	-	228,484	-	(84,057)
Total at fair value	2,312,528	1,750,000	-	512,736	(138,796)	4,436,469
Total	11,614,758	2,238,947	(1,230,947)	1,704,602	(1,401,634)	12,925,727
Current	1,323,011					980,841
Non-current	10,291,747					11,944,886

Category	Consolidated					At December 31, 2022
	At December 31, 2021	Raised	Repayment	Interest, monetary adjustment and fair value measurement	Interest paid	
Measured at cost - Post fixed						
CDI	5,145,242	6,576,000	(3,418,915)	815,415	(702,753)	8,414,989
IPCA	1,457,645	-	(614,673)	142,629	(72,805)	912,796
Borrowing costs (*)	(50,188)	(15,526)	-	40,161	-	(25,555)
Total at cost	6,552,698	6,560,474	(4,033,588)	998,205	(775,558)	9,302,230
Measured at fair value - Post fixed						
IPCA	1,539,051	982,000	-	206,034	(102,015)	2,625,069
Fair value measurement	(138,748)	-	-	(173,793)	-	(312,541)
Total at fair value	1,400,303	982,000	-	32,241	(102,015)	2,312,529
Total	7,953,002	7,542,474	(4,033,588)	1,030,445	(877,573)	11,614,758
Current	1,788,125					1,323,011
Non-current	6,164,877					10,291,747

(*) In accordance with IFRS 9/CPC 48, this refers to borrowing costs directly attributable to the issuance of the respective debts, measured at cost.

In accordance with CPC 48, borrowings costs refer to costs directly attributable to debts and these are classified as (i) financial liabilities measured at amortized cost and (ii) financial liabilities measured at fair value through profit or loss.

The classification as financial liabilities of debentures measured at fair value aims to compare the effects of the recognition of income and expenses arising from the fair value measurement of hedge derivatives, linked to the respective debentures, in order to reduce the accounting mismatch.

Changes in the fair values of these debentures are recognized in the Group's financial results. As at December 31, 2023, the accumulated unrealized gains obtained in the fair value measurement of said debentures amounted to R\$ 84,057 (gain of R\$ 312,541 on December 31, 2022), which deducted from the unrealized gains obtained with the mark-to-market derivative financial instruments of R\$ 213,320 (loss of R\$ 200,458 on December 31, 2022), contracted to hedge against interest rate variations (Note 35), generated a total net unrealized gain of R\$ 297,377 (gain of R\$ 112,083 on December 31, 2022).

The details on debentures are as follows :

Category	Annual Interest	Consolidated		Maturity range	Collateral
		December 31. 2023	December 31. 2022		
Measured at cost - Post fixed					
CDI	(i) From 107% to 109.75% of the CDI	7,940,787	8,250,396	2021 to 2031	CPFL Energia guarantee
	(ii) CDI + 0.96% to 1.50%				
	From 104.68% to 111,6% of the CDI	-	164,592	2021 to 2023	No guarantee
IPCA	IPCA + from 4.30% to 6.18%	568,980	912,796	2022 to 2026	CPFL Energia guarantee
Borrowing costs		(20,508)	(25,555)		
		8,489,259	9,302,230		
Measured at fair value - Post fixed					
IPCA	IPCA + 6.02%	4,520,525	2,625,069	2023 to 2035	CPFL Energia guarantee
Mark to market		(84,057)	(312,541)		
Total		12,925,727	11,614,758		

Some debentures have swaps converting IPCA variation to CDI variation. For more information on the rates considered, see note 34. The effective rates of debentures measured at cost, range from 107% to 110% of the CDI, CDI + 1.12% to 1.59%, and IPCA + 4.98% to 5.49%.

The maturities of the principal of debentures recognized in noncurrent liabilities are as follows:

<u>Maturity</u>	<u>Consolidated</u>
2025	53,327
2026	3,823,301
2027	1,984,554
2028	1,049,296
2029	2,046,492
2030 to 2034	3,077,632
Subtotal	12,034,602
Fair value measurement	(89,717)
Total	11,944,886

Debentures raised in the year:

Category Subsidiary	Emission	Issued quantity	Released (R\$ thousand)		Interest payment	Repayment	Effective annual rate	Effective rate with derivatives
			Released in 2023	Net of borrowing costs				
Local currency								
CDI								
CPFL Transmissão	01/04/2023	300,000	300,000	298,947	Semester	Bullet in December 2026	CDI + 1.20%	CDI + 0.62%
CPFL Renováveis	12/15/2023	190,000	190,000	190,000	Semester	Bullet in December 2026	CDI + 1.12%	not applicable
IPCA								
CPFL Transmissão	11/09/2023	450,000	450,000	450,000	Semester	3 installments annual in October of 2023	IPCA + 6.1774%	CDI + 0.62%
CPFL Piratininga	11/09/2023	300,000	300,000	300,000	Semester	3 installments annual in October of 2031	IPCA + 6.1774%	CDI + 0.43% to 1.2%
CPFL Paulista	11/09/2023	750,000	750,000	750,000	Semester	13th Issue - 1st Series 3 Annual installments from October 2031 and 2nd Series 3 Annual installments from October 2033	IPCA + 6.1774% and IPCA + 6.1753%	CDI + 0.43% to 0.52%
RGE	11/09/2023	250,000	250,000	250,000	Semester	3 installments annual in October of 2031	IPCA + 6.1774%	CDI + 0.43%
			<u>2,240,000</u>	<u>2,238,947</u>				

The resources are intended for investments by subsidiaries.

Pre-payment

During the 2023 fiscal year, there were no relevant early settlements (R\$ 2,094,306 in 2022).

Covenants

The debentures issued by the Group companies require compliance with certain financial covenants. The calculations are made on an annual or semiannual basis, as appropriate. As the maximum and minimum ratios vary among the contracts, we present below the most critical parameters of each ratio, considering all contracts in effect at December 31, 2023.

Ratios required in the consolidated financial statements of CPFL Energia

- Net Debt divided by adjusted EBITDA less than or equal to 3.75.
- Adjusted EBITDA divided by finance income (costs) higher than or equal to 2.25.

The Group's management monitors these ratios on a systematic and constant basis, so that all conditions are met. In the opinion of the Group's management, all covenants and financial and non-financial clauses are properly complied with as at December 31, 2023.

(20) PRIVATE PENSION PLAN

The subsidiaries sponsor supplementary retirement and pension plans for their employees, with the following characteristics :

20.1 Characteristics

CPFL Paulista

The plan currently in force for the employees of the subsidiary CPFL Paulista through VIVEST two plans with the following characteristics:

(i) PPCPFL – Mixed benefit plan (closed for new adhesions)

(ii) Defined Benefit Plan (“BD”) – in force until October 31, 1997 – a defined benefit plan, which grants a Proportional Supplementary Defined Benefit (“BSPS”), in the form of a lifetime income convertible into a pension, to participants enrolled prior to October 31, 1997, the amount being defined in proportion to the accumulated past service time up to that date, based on compliance with the regulatory requirements for granting. The total responsibility for coverage of actuarial deficits of this plan falls to the subsidiary.

(iii) Mixed model, as from November 1, 1997, which covers:

- benefits for risk (disability and death), under a defined benefit plan, in which the subsidiary assumes responsibility for the Plan’s actuarial deficit, and
- scheduled retirement, under a variable contribution plan, consisting of a benefit plan, which is a defined contribution plan up to the granting of the income, and does not generate any actuarial liability for the subsidiary. The benefit plan only becomes a defined benefit plan, consequently generating actuarial responsibility for the subsidiary, after the granting of a lifetime income, convertible or not into a pension.

On August 30, 2022, an amendment was approved to the plan’s regulations, to allow beneficiaries and pensioners to carry out the voluntary conversion of Lifetime Income to Financial Income. Opting for Financial Income, the beneficiary ceases to have a defined benefit and starts to have a flexible benefit, according to the accumulated balance.

2) CD CPFL – Defined contribution plan (open for new adhesions)

A plan whose programmed benefits have their value permanently adjusted to the account balance maintained in favor of the participant, including in the benefit-realization phase, considering the net result of its application, the amounts contributed and the benefits paid.

Additionally, the subsidiary’s Managers may opt for a Free Benefit Generator Plan – PGBL (defined contribution), operated by Bradesco.

CPFL Piratininga

As a result of the spin-off of Bandeirante Energia S.A. (the subsidiary’s predecessor), the subsidiary CPFL Piratininga assumed the responsibility for the actuarial liabilities of that company’s employees retired and terminated until the date of spin-off, as well as for the obligations relating to the active employees transferred to the subsidiary.

On April 2, 1998, the Secretariat of Pension Plans – “SPC” approved the restructuring of the retirement plan previously maintained by Bandeirante, creating a “Proportional Supplementary Defined Benefit Plan – BSPS”, and a “Mixed Benefit Plan”, with the following characteristics:

(iv) PSAP/Piratininga plan (closed for new adhesions and settled):

- (i) Defined Benefit Plan (“BD”) – in force until March 31, 1998 – a defined benefit plan, which grants a Proportional Supplementary Defined Benefit (BSPS), in the form of a lifetime income convertible into a pension to participants enrolled until March 31, 1998, in an amount calculated in proportion to the accumulated past service time up to that date, based on compliance with the regulatory requirements for granting. In the event of death while working or the onset of a disability, the benefits incorporate the entire past service time. The subsidiary has full responsibility for covering the actuarial deficits of this Plan.
- (ii) Defined Benefit Plan – in force after March 31, 1998 – defined-benefit type plan, which grants a lifetime income convertible into a pension based on the past service time accumulated after March 31, 1998, based on 70% of the average actual monthly salary for the last 36 months of active service. In the event of death while working or the onset of a disability, the benefits incorporate the entire past service time. The responsibility for covering the actuarial deficits of this Plan is equally divided between the subsidiary and the participants.
- (iii) Variable Contribution Plan – implemented together with the Defined Benefit plan effective after March 31, 1998. This is a defined-contribution type pension plan up to the granting of the income and generates no actuarial liability for the subsidiary. The pension plan only becomes a Defined Benefit

type plan after the granting of the lifetime income, convertible (or not) into a pension, and accordingly starts to generate actuarial liabilities for the subsidiary.

On May 31, 2022, an amendment was approved to the plan's regulation to settle the supplementary benefit and allow active, assisted and pensioners to carry out the voluntary conversion of Lifetime Income to Financial Income. Opting for Financial Income, the beneficiary ceases to have a defined benefit and starts to have a flexible benefit, according to the accumulated balance.

2) CD CPFL – Defined contribution plan (open for new adhesions)

Plan whose programmed benefits have their value permanently adjusted to the account balance maintained in favor of the participant, including in the benefits realization phase, considering the net result of its application, the amounts contributed and the benefits paid.

Additionally, the subsidiary's Managers may opt for a Free Benefit Generator Plan – PGBL (defined contribution), operated Bradesco.

RGE

The subsidiary RGE has retirement and pension plans for its employees and former employees managed by Fundação Família Previdência. Before called Fundação CEEE de Previdência Privada, comprising:

- (i) "Plan 1": A "defined benefit" plan with benefit level equal to 100% of the inflation adjusted average of the last 36 salaries, deducting the presumed benefit from the Social Security, with a Segregated Net Asset. That is closed to new participants since 2011. This plan was recorded at the dissolved Rio Grande Energia S.A. until the merger of the distribution companies approved on December 31, 2018, and
- (ii) "Plan 2": (Plan from AES Sul) A "defined benefit" plan that is closed to new participants since February 2011. The subsidiary's contribution matches the contribution from the benefitted employees, in the proportion of one for one, including as regards the Fundação's administrative funding plan.

For employees hired after the closing of the plans of Fundação Família Previdência, "defined contribution" private pension plans were implemented, being Bradesco Vida e Previdência for employees hired between 1997 and 2018 by the dissolved Rio Grande Energia S.A., and Itauprev for employees hired by RGE as from 2011, as well as for new employees to be hired after the event of merger of the distribution companies.

CPFL Santa Cruz

With the grouping of subsidiaries that took place in 2017, the company's official plan became CMSPREV, managed by IHPREV Fundo de Pensão. Employees who had the benefit plan managed by BB Previdência – Banco do Brasil Pension Fund, maintained the same plan.

CPFL Renováveis

After the integration of CPFL Renováveis in 2020, some of the employees formerly linked to CPFL Geração, integrated into CPFL Renováveis and remained in the PPCPFL plan of origin. For this reason, CPFL Renováveis became the sponsor of this plan, which has been closed to new enrollments since April 2020. For other employees, the PGBL plan administered by Bradesco was maintained, which is currently offered to new employees.

CPFL Transmissão

The indirect subsidiary CPFL Transmissão maintains supplementary retirement and pension plans for its employees and former employees, managed by Fundação Família Previdência, formerly called Fundação CEEE de Previdência Privada, as follows:

- (i) **"CEEEPREV Plan":** CEEEPREV is a plan with defined contribution variable because it contains a defined contribution part and a defined benefit part characteristics, except for the risk benefits and part of the settled benefits.

In 2014, a lawsuit was filed (Case nº 0065790-57.2014.4.01.3400) related to non-parity contributions, filed by Fundação Família Previdência (Former Fundação ELETROCEEE) against PREVIC, due to the Ordinance of the regulatory body that required the presentation of definitive solution on the articles of the Regulation of the Benefit Plan that deal with the employer's liability in the event of a possible insufficiency of equity coverage in the reserves that support the benefits, which are irregular under the applicable legislation.

This is because the CEEEPREV Benefit Plan provided for the sponsor's exclusive liability in the event of an eventual insufficiency of equity coverage, which, according to PREVIC, and an understanding supported by the subsidiary's Management, violates the provisions of Complementary Law No. 108/2001. The result in the

1st and 2nd instance was unfavorable to the Foundation and favorable to the subsidiary, with no suspensive effect on pending appeals.

Already in 2019, a second lawsuit was filed (Case No. 5051477-51.2019.8.21.0001) related to the subject, filed by the then CEEE-D and by the then CEEE-GT (before the split between the Generation and Transmission segments) against the Foundation, with the objective of recognizing the nullity of the clauses of the CEEEPREV Benefit Plan, in order to nullify the exclusive responsibility of the sponsors in the event of insufficiency of equity coverage. After the filing of the demand by the companies that were members of the former CEEE Group, the State of Rio Grande do Sul itself joined the dispute, as assistant to the plaintiff. On October 14 2021, the first instance sentence decided that the action was partly valid to recognize the nullity of the benefit plan clauses which do not apply the contributory parity (in the same sense as the sentence and judgment of Action No 0065790-57.2014.4.01.3400). After appeals were filed by the parties, the TJRS (Court of Justice of the State of Rio Grande do Sul) issued a decision on July 28, 2022, maintaining, in full, the sentence under appeal. Regarding the judgment rendered, the Parties filed motions for clarification against the Appellate Judgment in order to obtain clarifications, which were dismissed. Subsequently, all parties involved filed Special and Extraordinary Appeals, respectively, to the STJ and STF. In a judgment of admissibility, the TJRS dismissed all the Extraordinary and Special Appeals presented, with the exception of the Special Appeal filed by the Fundação Família Previdência. In addition, the Appeal of the Fundação Família Previdência was granted suspensive effect to maintain in force the clauses of the Plan's regulations that attribute to the Sponsors the responsibility for the full payment of extraordinary contributions, which was later revoked. Currently, Interlocutory Appeals were filed for the elevation of the Special and Extraordinary Appeal and a preliminary injunction with suspensive effect to the STJ, which was accepted, determining until the final judgment of the Special Appeal: I) the suspension of the debated collection and/or payment of contributions within the scope of the CEEEPREV Plan, without the observance of contribution parity; II) admit the enforceability of the defrayal of half of the deficit constituted prior to the issuance of the judgment of partial merit, suspending any blocking or constrictive measure in the applicant's accounts, with respect to the excess part.

In compliance with the decisions rendered in Case No. 5051477-51.2019.8.21.0001, the subsidiary has been paying its extraordinary contribution since March 2022, on an equal basis, and the Foundation has not been paying the installment for solving the deficit that would be due from the participants. In view of the implementation of the decision, Fundação Família Previdência filed an Injunction (Case No. 5179986-58.2023.8.21.0001) in which it requests that a provisional injunction be granted to determine that Banrisul promote the execution of the Guarantee Agreement against the Sponsors of the supplementary pension benefit plans, in accordance with the agreement entered into between the parties, transferring the cash to the current account held by the Foundation, up to the limit of R\$ 147,036,919.51, of which R\$ 72,430,030.80 are discussed as CEEE-T's debt under the CEEEPREV Plan. In an analysis of the preliminary injunction request, the judge of first instance granted the aforementioned measure, limited to R\$ 145,050,105.01, excluding the amounts of CEEE-G, in view of which the Company filed the competent appeal. On January 8, 2024, covered by the preliminary injunction granted by the STJ in Case No. 5051477-51.2019.8.21.0001, a decision was issued that suspends the effects of the injunction previously granted and ordered Banrisul to release the constrained amounts.

The amount involved in the lawsuit (Process no. 5051477-51.2019.8.21.0001) corresponds to approximately 50% of all the plan's deficits, and the legal advisors assess the chance of success as possible, with a probable bias. The Company estimates that between March and December 2022, the amount of R\$ 92,075 should have been charged to participants, but this amount is allocated within the plan's total deficit, not representing additional financial repercussions.

Considering the legal grounds, supported by recent court decisions, in the cases that deal with the matter in detail, the subsidiary, as a sponsor of the CEEEPREV Plan, understands that from the new court decision of October 2021, and other court decisions, the best estimate for measuring this liability is to use risk sharing as a reducer of the actuarial liability as of the year ended December 31, 2021.

- (ii) **“Plan Único”:** Plan Único has a defined benefit modality and has been closed to new participants since September 2, 2002. This plan receives equal contributions between the sponsor and employees.

Whereas the Regulations of the Single Plan prescribe that any insufficiencies (deficits) will be resolved in accordance with the applicable legislation, the liabilities of the Single Plan are recognized in equal proportion.

- (iii) **“Accounts Payable Incentive Retirement – CTP”:** As a result of a collective bargaining agreement, as of 1997, the Company was responsible for paying the pension supplementation benefit for length of service that has been granted by the Social Security to participants who are regularly enrolled with Fundação Família Previdência and who have not yet completed all the requirements for its enjoyment, at which time the former employee was definitively retired by the

Foundation. Currently, they receive the complement of funds that were not included in the INSS calculation, and the company is sentenced by the court to pay for life. For this, the Company provisioned the full amounts of future commitments related to these salary supplements, considering the average payment term of these benefits, adjusted to present value, including contributions to the Foundation.

20.2 Movements in the defined benefit plans

	December 31, 2023							
	CPFL			RGE Sul (RGE)		CPFL Transmissão		
	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	Plan 1	Plan 2	Single Plan	CTP	CEEEPREV BD
Present value of actuarial obligations	5,988,341	1,468,447	137,927	471,126	634,759	1,381,131	3,415	2,421,746
Fair value of plan's assets	(5,019,754)	(1,453,794)	(115,613)	(473,065)	(500,812)	(903,617)	-	(1,359,252)
(Net) actuarial liability recognized in the statement of financial position	968,587	14,653	22,314	(1,939)	133,947	487,514	3,415	1,062,494
Effect on the maximum asset recognition limit	-	-	-	1,939	-	-	-	1,939
Effect of risk sharing (parcel attributed to participants)	-	-	-	-	(73,755)	(282,004)	-	(879,592)
Net actuarial liability recognized in the statement of financial position	968,587	14,653	22,314	-	60,192	205,510	3,415	1,813,332

	31/12/2022							
	CPFL			RGE Sul (RGE)		CPFL Transmissão		
	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	Plan 1	Plan 2	Single Plan	CTP	CEEEPREV BD
Present value of actuarial obligations	6,263,349	1,537,214	150,383	439,609	589,674	1,358,356	3,335	2,252,980
Fair value of plan's assets	(4,980,779)	(1,411,114)	(119,199)	(468,394)	(499,465)	(889,288)	-	(1,465,818)
(Net) actuarial liability recognized in the statement of financial position	1,282,570	126,100	31,184	(28,785)	90,209	469,068	3,335	787,162
Effect on the maximum asset recognition limit	-	-	-	28,785	-	-	-	28,785
Effect of risk sharing (parcel attributed to participants)	-	-	-	-	-	(274,221)	-	(495,115)
Net actuarial liability recognized in the statement of financial position	1,282,570	126,100	31,184	-	90,209	194,847	3,335	2,020,291

The movements in the present value of actuarial obligations and the fair value of plan assets are as follows:

	CPFL			RGE Sul (RGE)		CPFL Transmissão			Total
	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	Plan 1 (*)	Plan 2	Single Plan	CTP	CEEEPREV BD	
Present value of actuarial obligations at December 31, 2021	7,159,489	2,021,407	173,628	472,498	622,201	1,247,745	3,857	1,901,248	13,602,074
Gross current service cost	1,399	(69,468)	34	(79)	1,367	(15,067)	-	(407)	(82,219)
Interest on actuarial obligations	645,392	186,590	15,637	42,801	56,456	74,329	383	120,105	1,141,693
Participants' contributions transferred during the year	-	1,097	-	160	565	31	-	1,378	3,231
Actuarial loss (gain): effect of changes in demographic assumptions	(45)	(404)	9	10,647	-	-	-	31,554	41,801
Actuarial loss (gain): effect of financial assumptions	(354,932)	(152,269)	(11,951)	(52,349)	(45,221)	(60,733)	(597)	(19,129)	(697,181)
Effect of risk sharing (parcel attributed to participants)	-	-	-	-	-	(16,465)	-	(82,219)	(98,684)
Benefits paid during the year	(697,008)	(161,987)	(16,830)	(34,069)	(45,694)	(145,704)	-	(194,704)	(1,295,996)
Benefit paid directly by the company	-	-	-	-	-	-	(308)	-	(308)
Loss (gain) arising from early settlement of the plan	(490,946)	(287,754)	(10,144)	-	-	-	-	-	(788,844)
Present value of actuarial obligations at December 31, 2022	6,263,349	1,537,214	150,383	439,609	589,674	1,084,136	3,335	1,757,866	11,825,567
Gross current service cost	903	-	19	(80)	848	(33)	-	(10,075)	(8,418)
Interest on actuarial obligations	620,717	153,286	14,898	43,830	58,821	67,042	338	111,805	1,070,737
Participants' contributions transferred during the year	-	-	-	164	739	-	-	866	1,769
Actuarial loss (gain): effect of financial assumptions	(68,284)	(26,458)	(2,870)	23,182	32,825	113,543	50	274,679	346,667
Effect of risk sharing (parcel attributed to participants)	-	-	-	-	(73,755)	(7,783)	-	(28,718)	(110,256)
Benefits paid during the year	(722,656)	(149,928)	(15,539)	(35,579)	(48,148)	(147,778)	-	(208,510)	(1,328,138)
Benefit paid directly by the company	-	-	-	-	-	-	(308)	-	(308)
Loss (gain) arising from early settlement of the plan	(105,687)	(45,667)	(8,964)	-	-	-	-	-	(160,318)
Present value of actuarial obligations at December 31, 2023	5,988,342	1,468,447	137,927	471,126	561,004	1,109,127	3,415	1,897,913	11,637,300

	CPFL			RGE Sul (RGE)		CPFL Transmissão			Total
	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	Plan 1 (*)	Plan 2	Single Plan	CTP	CEEEPREV BD	
Fair value of actuarial assets at December 31, 2021	(5,180,251)	(1,561,436)	(125,974)	(451,414)	(482,742)	(951,605)	-	(1,403,182)	(10,156,604)
Expected return during the year	(476,809)	(152,749)	(11,515)	(40,933)	(43,517)	(46,559)	-	(74,394)	(846,476)
Participants' contributions transferred during the year	-	(1,097)	-	(160)	(565)	(31)	-	(1,378)	(3,231)
Sponsors' contributions	(428,876)	(136,010)	(8,866)	(2,308)	(2,286)	(14,296)	-	(45,700)	(638,342)
Actuarial loss (gain): return on actuarial assets	25,671	23,640	2,146	(7,648)	(16,049)	(22,501)	-	(135,162)	(129,903)
Benefits paid during the year	697,008	161,987	16,830	34,069	45,694	145,704	-	193,998	1,295,290
Loss resulting from voluntary conversion of income *	382,478	254,551	8,180	-	-	-	-	-	645,209
Fair value of actuarial assets at December 31, 2022	(4,980,779)	(1,411,114)	(119,199)	(468,394)	(499,465)	(889,288)	-	(1,465,818)	(9,834,057)
Expected return during the year	(514,680)	(147,567)	(12,213)	(46,955)	(49,605)	(43,061)	-	(71,680)	(885,761)
Participants' contributions transferred during the year	-	-	-	(164)	(739)	-	-	(866)	(1,769)
Sponsors' contributions	(402,475)	(123,686)	(7,696)	(2,304)	(4,481)	(32,562)	-	(69,159)	(642,363)
Actuarial loss (gain): return on actuarial assets	67,112	30,973	(742)	9,173	5,330	(86,484)	-	39,761	65,123
Benefits paid during the year	722,656	149,928	15,539	35,579	48,148	147,778	-	208,510	1,328,138
Loss resulting from voluntary conversion of income *	88,412	47,672	8,698	-	-	-	-	-	144,782
Fair value of actuarial assets at December 31, 2023	(5,019,754)	(1,453,794)	(115,613)	(473,065)	(500,812)	(903,617)	-	(1,359,252)	(9,825,907)

* The process of voluntary conversion from lifetime income to financial income was initiated in August 2022, with adhesions to it ending on January 31, 2023.

20.3 Movements in recognized assets and liabilities

The movements in net liability are as follows:

	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	RGE Sul (RGE)		CPFL Transmissão			Total
				Plan 1 (*)	Plan 2	Single Plan	CTP	CEEEPREV BD	
Net actuarial liability at December 31, 2022	1,282,569	126,099	31,184	-	90,208	194,848	3,335	292,048	2,020,291
Expenses (income) recognized in the statement of profit or loss	89,665	7,725	2,437	(214)	10,064	23,948	338	29,344	163,307
Sponsors' contributions transferred during the year	(402,475)	(123,686)	(7,695)	(2,304)	(4,481)	(32,562)	-	(68,453)	(641,656)
Actuarial loss (gain): effect of financial assumptions	(68,284)	(26,458)	(2,870)	23,182	32,825	113,543	50	274,679	346,667
Actuarial loss (gain): return on plan assets	67,112	30,973	(742)	9,173	5,330	(86,484)	-	39,761	65,123
Effect of Risk Sharing	-	-	-	-	(73,755)	(7,783)	-	(28,718)	(110,256)
Benefit paid directly by the company	-	-	-	-	-	-	(308)	-	(308)
Effect on maximum asset recognition limit	-	-	-	(29,837)	-	-	-	-	(29,837)
Net Actuarial liability at December 31, 2023	968,587	14,653	22,314	-	60,192	205,510	3,415	538,661	1,813,332
Financial Debit	151,646	75,932	4,953	-	-	-	-	-	232,531
Other contributions	-	-	-	-	-	-	-	-	6,843
Actuarial liabilities at December 31, 2023	-	-	-	-	-	-	-	-	2,052,706
Current	-	-	-	-	-	-	-	-	549,589
Noncurrent	-	-	-	-	-	-	-	-	1,503,118

	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	RGE Sul (RGE)		CPFL Transmissão			Total
				Plan 1	Plan 2	Single Plan	CTP	CEEEPREV BD	
Net actuarial liability at December 31, 2022	1,979,237	459,970	47,654	21,084	139,458	296,140	3,857	498,066	3,445,466
Expenses (income) recognized in the statement of profit or loss	241,519	17,728	4,878	1,789	14,306	12,703	383	44,598	337,904
Sponsors' contributions transferred during the year	(428,876)	(136,010)	(8,866)	(2,308)	(2,286)	(14,296)	-	(45,700)	(638,342)
Actuarial loss (gain): effect of changes in demographic assumptions	(45)	(404)	9	10,647	-	-	-	31,594	41,801
Actuarial loss (gain): effect of financial assumptions	(354,932)	(152,269)	(11,951)	(52,349)	(45,221)	(60,733)	(597)	(19,129)	(697,181)
Actuarial loss (gain): return on plan assets	25,671	23,640	2,146	(7,648)	(16,049)	(22,501)	-	(135,162)	(129,903)
Effect of Risk Sharing	-	-	-	-	-	(16,465)	-	(82,219)	(98,684)
Benefit paid directly by the company	-	-	-	-	-	-	(308)	-	(308)
Transfer of actuarial debt to financial debt *	(180,005)	(86,556)	(2,686)	-	-	-	-	-	(269,247)
Effect on maximum asset recognition limit	-	-	-	28,785	-	-	-	-	28,785
Net Actuarial liability at December 31, 2022	1,282,569	126,100	31,184	-	90,208	194,848	3,335	292,048	2,020,291
Financial Debit	180,005	86,556	2,686	-	-	-	-	-	269,247
Other contributions	-	-	-	-	-	-	-	-	(3,813)
Actuarial liabilities at December 31, 2022	-	-	-	-	-	-	-	-	2,285,726
Current	-	-	-	-	-	-	-	-	699,336
Noncurrent	-	-	-	-	-	-	-	-	1,586,390

* The process of voluntary conversion from lifetime income to financial income was initiated in August 2022, with adhesions to it ending on January 31, 2023.

20.4 Expected contributions and benefits

The expected contributions to the plans for 2024 are shown below:

	2024
CPFL Paulista	401,066
CPFL Piratininga	119,196
CPFL Renováveis	7,388
RGE Sul (RGE) - Plano 1	2,220
RGE Sul (RGE) - Plano 2	5,681
CPFL Transmissão - Plano Único	35,140
CPFL Transmissão - CTP	365
CPFL Transmissão - CEEEPREV BD	106,106
Total	677,162

The expected benefits to be paid by in the next 10 years are shown below:

	2024	2025	2026	2027	2028 a 2033	Total
CPFL Paulista	564,619	575,663	585,822	594,988	3,681,665	6,002,757
CPFL Piratininga	121,046	124,696	128,242	131,759	857,564	1,363,307
CPFL Renováveis	12,637	12,860	13,070	13,263	82,431	134,261
RGE Sul (RGE) - Plano 1	38,010	39,240	40,441	41,701	274,774	434,166
RGE Sul (RGE) - Plano 2	50,444	51,958	53,467	55,040	364,910	575,819
CPFL Transmissão - Plano Único	139,706	141,507	142,966	144,172	869,822	1,438,173
CPFL Transmissão - CTP	365	356	343	327	1,459	2,850
CPFL Transmissão - CEEEPREV BD	205,571	210,195	215,631	221,281	1,423,901	2,276,579
Total	1,132,398	1,156,475	1,179,982	1,202,531	7,556,526	12,227,912

At December 31, 2023, the average duration of the defined benefit obligation was 8,4 years for CPFL Paulista, 9,3 years for CPFL Piratininga, 8,6 years for CPFL Renováveis, 9,6 years for RGE Plan 1 and 11,1 years for RGE Plan 2, and 9,5 years for plan único and 11,3 years for plan CEEEPREV BD of CPFL Transmissão.

20.5 Recognition of private pension plan income and expense

Based on the opinion of an external actuarial estimate, the Group's management presents the actuarial estimate of the expenses and/or income to be recognized in 2024 and the income/expense recognized in 2023 and 2022 are as follows:

	2024 estimated							
	CPFL			RGE Sul (RGE)		CPFL Transmissão		
	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	Plan 1	Plan 2	Single Plan	CTP	CEEEPREV BD
Service cost	634	-	11	(2,130)	(716)	-	-	(370)
Interest on actuarial obligations	554,637	136,935	12,801	43,901	52,024	64,148	313	112,586
Expected return on plan assets	(480,058)	(141,299)	(10,993)	(44,305)	(46,569)	(41,332)	-	(63,599)
Effect of the asset limit to be registered	-	-	-	188	-	-	-	-
Total income	75,213	(4,364)	1,819	(2,346)	4,739	22,816	313	48,617
Performed in 2023								
	CPFL			RGE Sul (RGE)		CPFL Transmissão		
	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	Plan 1	Plan 2	Single Plan	CTP	CEEEPREV BD
Service cost	903	-	19	(80)	848	(33)	-	(10,075)
Effect of voluntary income conversion	(17,275)	2,005	(266)	-	-	-	-	-
Interest on actuarial obligations	620,717	153,286	14,898	43,830	58,821	67,042	338	111,805
Expected return on plan assets	(514,680)	(147,567)	(12,213)	(46,955)	(49,605)	(43,061)	-	(72,386)
Effect of the asset limit to be registered	-	-	-	2,991	-	-	-	-
Total income	89,665	7,724	2,438	(214)	10,064	23,948	338	29,344
Performed in 2022								
	CPFL			RGE Sul (RGE)		CPFL Transmissão*		
	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	Plan 1	Plan 2	Single Plan	CTP	CEEEPREV BD
Service cost	1,399	6,024	34	(79)	1,367	(15,067)	-	(407)
Settlement effect	-	(75,490)	-	-	-	-	-	-
Effect of voluntary income conversion	71,537	53,354	722	-	-	-	-	-
Interest on actuarial obligations	645,392	186,590	15,637	42,801	56,456	74,329	383	119,399
Expected return on plan assets	(476,809)	(152,749)	(11,515)	(40,933)	(43,517)	(46,559)	-	(74,394)
Total income	241,519	17,729	4,878	1,789	14,306	12,703	383	44,598

* In the consolidated, under the item expenses (income) in 2022, R\$ 125,613 refers to the loss arising from the process of converting lifetime actuarial income to financial income. This loss occurs mainly due the difference in the methodology for calculating the actuarial liability for IFRS purposes and for PREVIC purposes (the latter used for calculations of settlement and early settlements of the plan, the conversion being considered as an early settlement). The percentage of adherence up to December 31, 2022, was approximately 9%, a percentage used to calculate the impacts of the conversion, with the final date of the date of the adherence being January 31, 2023.

** With the approval of the settlement of the PSAP plan of the subsidiary CPFL Piratininga by the regulatory body PREVIC, as of May 31, 2022, the plan no longer receives new monthly contributions and a gain of R\$ 75,490 was verified (the nominal discount rate of the calculations was 9.41%).

The main assumptions taken into consideration in the actuarial calculation at the end of the reporting period were as follows:

	CPFL Paulista, CPFL Renováveis and CPFL Piratininga		RGE (Plans 1 and 2)		CPFL Transmissão (Plan Único e CEEEPREV BD)	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Nominal discount rate for actuarial liabilities:	9,71% a.a.	10,39% a.a.	9,71% a.a.	10,39% a.a.	9,71% a.a.	10,39% a.a.
Nominal return rate on plan assets:	9,71% a.a.	10,39% a.a.	9,71% a.a.	10,39% a.a.	9,71% a.a.	10,39% a.a.
Estimated rate of nominal salary increase:	4,45% a.a.(*)	5,48% a.a.(*)	5,73% a.a.(**)	5,88% a.a.(**)	3,85% a.a.	4,00% a.a.
Estimated rate of nominal benefits increase:	3,85% a.a.	4,00% a.a.	3,85% a.a.	4,00% a.a.	3,85% a.a.	4,00% a.a.
Estimated long-term inflation rate (basis for the nominal rates above)	3,85% a.a.	4,00% a.a.	3,85% a.a.	4,00% a.a.	3,85% a.a.	4,00% a.a.
General biometric mortality table:	AT-2000 (-10)	AT-2000 (-10)	BR-EMS sb v.2015 (-10) (***)	BR-EMS sb v.2015 (-20) (***)	BREMS sb v.2015 (****)	BR-EMSsb v.2021 MF (-10) (****)
Biometric table for the onset of disability:	Mercer Disability (-50)	Mercer Disability (-50)	Light fraca	Light fraca	Light fraca	Light fraca
Expected turnover rate:	ExpR 2013 a 2021	ExpR 2013 a 2021	Nula	Nula	Nula	Nula
Likelihood of reaching retirement age:	After 15 years of membership and 35 years of service for men and 30 years for women	After 15 years of membership and 35 years of service for men and 30 years for women	100% on first eligibility for a full retirement benefit	100% on first eligibility for a full retirement benefit	100% on first eligibility for a full retirement benefit	100% on first eligibility for a full retirement benefit

(*) The estimated rate of nominal salary increase for CPFL Piratininga was 3.85% in 2023 and 4.00% in 2022.

(**) The estimated rate of nominal salary increase for RGE (Plan 1) was 4.30% in 2023 and 4.45% in 2022.

(***) The biometric table for the onset of disability for the "RGE Sul" is the BR-EMSsb v.2021 by sex.

(****) The biometric table for the onset of disability for the "Plan Único" is the AT-2000 by sex.

20.6 Plan assets

The following tables show the allocation (by asset segment) of the assets of the Group CPFL pension plans, at December 31, 2023 and 2022 managed by VIVEST and Fundação Família Previdência and CEEEPREV (fundações). The tables also show the distribution of the guarantee resources established as target for 2023, obtained in light of the macroeconomic scenario in December 2023.

Assets managed by the plans are as follows:

	Assets managed by VIVEST				Assets managed by Família Previdência							
	CPFL Paulista and CPFL		CPFL Piratininga		RGE Sul (RGE)				CPFL Transmissão			
	Geração				Plan 1		Plan 2		Single Plan		CEEEPREV BD	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Fixed rate	85%	76%	90%	79%	79%	76%	79%	80%	72%	67%	72%	65%
Federal government bonds	35%	37%	34%	36%	66%	67%	64%	67%	59%	58%	62%	56%
Corporate bonds (financial institutions)	0%	0%	0%	0%	1%	3%	1%	3%	1%	4%	1%	5%
Corporate bonds (non financial institutions)	1%	1%	1%	1%	1%	2%	1%	3%	1%	3%	1%	3%
Multimarket funds	0%	1%	0%	1%	11%	4%	13%	7%	11%	3%	9%	1%
Other fixed income investments	49%	37%	55%	40%	-	-	-	-	0%	0%	0%	0%
Variable income	8%	17%	7%	16%	8%	12%	9%	15%	15%	19%	14%	21%
Investment funds - shares	8%	17%	7%	16%	8%	12%	9%	15%	15%	19%	14%	21%
Structured investments	2%	2%	1%	3%	9%	9%	9%	0%	8%	7%	10%	9%
Equity funds	0%	-	-	-	-	0%	0%	0%	0%	0%	0%	0%
Real estate funds	0%	-	-	-	0%	0%	0%	0%	0%	0%	0%	0%
Multimarket fund	2%	2%	1%	3%	9%	9%	8%	-	8%	7%	10%	9%
	95%	95%	99%	98%	98%	97%	97%	95%	94%	94%	97%	96%
Real estate	1%	1%	0%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Transactions with participants	1%	1%	1%	1%	2%	2%	3%	4%	3%	3%	3%	4%
Other investments	3%	3%	0%	0%	0%	0%	0%	0%	2%	2%	-1%	-1%
Escrow deposits and othes	3%	3%	0%	0%	0%	0%	0%	0%	2%	2%	-1%	-1%
	5%	5%	1%	3%	2%	3%	3%	5%	6%	6%	3%	4%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

The plan assets do not include any properties occupied or assets used by the Company.

	Target for 2024							
	VIVEST		FAMÍLIA PREVIDÊNCIA				FAMÍLIA PREVIDÊNCIA	
	CPFL Paulista e CPFL		RGE Sul (RGE)				CPFL Transmissão	
	Renováveis		Plan 1		Plan 2		Single Plan	
	2023	2022	2023	2022	2023	2022	2023	2022
Fixed rate	83.9%	79.3%	81.4%	80.5%	76.2%	75.7%		
Variable income investments	13.1%	1.7%	6.0%	6.0%	10.0%	9.3%		
Structured investments	1.4%	0.8%	0.8%	0.9%	1.1%	0.9%		
Loans and Financing	1.4%	1%	1.8%	2.6%	2.7%	3.4%		
Structured investments	0.2%	15.0%	10.0%	10.0%	10.0%	10.7%		
Investments abroad	0.0%	2.3%	0%	0%	0.0%	0.0%		
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		

The allocation target for 2024 was based on the recommendations for allocation of assets made at the end of 2023 by VIVEST and Fundação Família Previdência, in their Investment Policy. This target may change at any time during 2024, in light of changes in the macroeconomic situation or in the return on assets, among other factors.

The asset management aims at maximizing the return on investments, but always seeking to minimize the risks of actuarial deficit. Accordingly, investments are always made considering the liability that they must honor. The two main studies for the foundations to achieve the investment management objectives are the Asset Liability Management – ALM and the Technical Study of Compliance and Appropriateness of the Real Interest Rate, both conducted at least once a year, taking into consideration the projected flow of benefit payments (liability flow) of the pension plans managed by the Foundations.

The ALM study is used as a base to define the strategic allocation of assets, which comprises the target participations in the asset classes of interest, from the identification of efficient combinations of assets, considering the existence of liabilities and the need for return, immunization and liquidity of each plan, considering projections of risk and return. The simulations generated by the ALM studies assist in the definition of the minimum and maximum limits of allocation in the different asset classes, defined in the plans' Investment Policy, which is also used as a risk-control mechanism.

The Technical Study of Compliance and Appropriateness of the Real Interest Rate aims at proving the appropriateness and compliance of the annual real interest rate to be adopted in the actuarial valuation of the plans and the projected annual real rate of return of the investments, considering their projected flows of revenues and expenses.

These studies are used as a base to determine the assumptions of estimated real return of the pension plans' investments for short-term and long-term horizons and assist in the analysis of their liquidity, since they consider the flow of benefit payments against the assets considered liquid. The main assumptions considered in the studies are, in addition to the liability flow projections, the macroeconomic and asset price projections, through which estimates of the expected short-term and long-term profitability are obtained, taking into account the current portfolios of the benefit plans.

20.7 Sensitivity analysis

The significant actuarial assumptions for determining the defined benefit obligation are discount rate and mortality. The following sensitivity analyses were based on reasonably possible changes in the assumptions at the end of the reporting period, with the other assumptions remaining constant.

In the presentation of the sensitivity analysis, the present value of the defined benefit obligation was calculated using the projected unit credit method at the end of the reporting period, the same method used to calculate the defined benefit obligation recognized in the statement of income, according to CPC 33 / IAS 19.

See below the effects on the defined benefit obligation if the discount rate were 0.25 percentage points lower (higher) and if general biometric mortality table were to be softened (aggravated) in one year:

	Gain (loss)	CPFL Paulista	CPFL Piratininga	CPFL Geração	RGE Sul (RGE)		CPFL Transmissão***		Total
					Plan 1	Plan 2	Single Plan	CEEEPREV BD	
Nominal discount (*)	-0,25 p.p.	127,636	34,541	3,014	11,401	15,714	26,601	54,541	273,448
	+0,25 p.p.	(122,323)	(33,104)	(2,900)	(10,931)	(15,051)	(25,693)	(52,417)	(262,419)
General biometric mortality table (**)	+1 year	(152,722)	(31,537)	(3,254)	(8,715)	(12,608)	(40,207)	(51,223)	(300,266)
	-1 year	151,109	30,896	3,213	8,480	12,307	39,876	50,132	296,013

* The Company's assumption based on the actuarial report for the nominal discount rate was 9.71%. Projected rates are eased or increased by 0.25 p.p., to 9.46% p.a. and 9.96% p.a.

** The assumption used in the actuarial report for the mortality table was AT-2000(-10) for VIVEST plans and BREMS sb v.2015 (RGE) and BREMS sb v.2021 (CPFL-T) for Fundação Família Previdência Plans. The projections were made with a 1-year aggravation or smoothing in the respective mortality tables.

*** Not including estimates for the CTP plan.

20.8 Investment risk

The major part of the resources of the Company's benefit plans are invested in the fixed income segment and, within this segment, the greater part of the funds is invested in federal government bonds, indexed to the IGP-M, IPCA and SELIC, which are the index for adjustment of the actuarial liabilities of the Company's plans (defined benefit plans), representing the matching between assets and liabilities.

At Vivest, the Company's benefit plans are monitored by the Company's Investment and Pension Management Committee, which includes representatives of active and retired employees in addition to members appointed by the Company. Among the tasks of the aforementioned Committee is the analysis and approval of investment recommendations made by VIVEST's investment managers, which occurs at least quarterly.

In the Família Previdência, the management of the Company's benefit plans is monitored by the Investment Management, Investment Advisory Committee, Executive Board and Deliberative Council, in addition to supervisory bodies such as the Fiscal Council and external and internal audits. Among the tasks of the Investment Advisory Committee are the analysis, maintenance, approval and disapproval of investment recommendations made by the investment managers of Fundação Família Previdência, which occurs at least monthly.

The Fundação Família Previdência carried out the following movements throughout 2023: a) risk reduction; b) acquisition of government bonds in the curve; c) reduction in the exposure of the Variable Income Segment, and, in addition, the strategy of reducing the duration of the plans was initiated, with the migration of Government Bonds - NTN-Bs with longer maturities to shorter vertices. VIVEST and Fundação Família Previdência use the following tools to control market risks in the fixed income and variable income segments: VaR, Tracking Risk, Tracking Error and Stress Test.

Fundação Família Previdência also uses Sharpe, Generalized Sharpe and Drawn Down. In addition, to assess the market risk exposure of the plans' portfolios, the Base EBA Year Exposure is calculated and Stress Simulations are performed. The EBA consists of a metric that expresses the risk exposure of the portfolio as a percentage of equity, considering the sum of the exposures generated by each asset, based on the definition of increase/decrease of the respective risk factors.

The Investment Policies determine additional restrictions that, along with those already established by law, define the percentages of diversification for investments and establish the strategy of the plans, including the limit of credit risk in assets issued or co-obligation of the same legal entity to be adopted internally.

(21) TAXES, FEES AND CONTRIBUTIONS

	Consolidated	
	December 31, 2023	December 31, 2022
Current		
IRPJ (corporate income tax)	575,356	341,363
CSLL (social contribution on net income)	196,543	114,131
Income tax and social contribution	771,899	455,493
ICMS (State VAT)	516,796	50,063
PIS (tax on revenue)	46,166	43,031
COFINS (tax on revenue)	214,233	201,018
Income tax withholding on interest on capital	17,291	26,925
Other taxes	87,029	101,177
Tax transaction related to litigation - private pension debt	194,493	18,055
Other taxes	1,076,007	440,270
Total current	1,847,906	895,763
Non-current		
IRPJ (corporate income tax)	249,414	231,653
CSLL (social contribution on net income)	25,562	23,364
Imposto de renda e contribuição social a recolher	274,976	255,017
IRPJ/CSLL installment	4,397	4,921
Tax transaction related to litigation - private pension debt	925,899	1,007,138
Other	3,952	911
Other taxes	934,248	1,012,970
Total Non-current	1,209,224	1,267,987

IRPJ: in noncurrent, this refers to the reclassification of provision for tax risks related to taxes on profit. The largest case amount refers to the Writ of Mandamus filed by the subsidiary CPFL Piratininga, which discusses the possibility of excluding the CSLL from the calculation base of the IRPJ; for such case, it is more probable that the Tax Authorities will not accept the procedure in question.

ICMS: the reduction is mainly due to the changes brought by Complementary Law No. 194/2022, which were (i) reduction of the ICMS rate on electricity and (ii) non-levy of ICMS on certain billing items. Additionally, the balance payable was also reduced due to the release by Sefaz/SP of accumulated ICMS credits (articles 73 et seq. of the RICMS).

On February 9, 2023, precautionary injunction No. 7,195 determined the suspension of the non-levy of ICMS on transmission, distribution and sector charges linked to operations with electricity, which then became taxable again from February 18, 2023.

Tax transaction related to legal litigation – IRPJ/CSLL on private pension debt - CPFL Paulista

On December 27, 2022, a tax transaction was entered into between the subsidiary CPFL Paulista and the National Treasury Attorney's Office ("PGFN"), based on Law No. 14,375, of June 21, 2022, regulated by Ordinance PGFN/ME 6,757 of July 29, 2022 and Ordinance PGFN 10,826 of December 22, 2022, regarding related processes to the discussions about deductibility, for IRPJ and CSLL purposes, of the expenses recognized in the year 1997, referring to the novation of the debt related to pension plan of CPFL Paulista employees before the Fundação CESP (currently "Vivest"), in view of the current stage of the discussion and the financial benefits linked to this modality. Management based its decision to enter into the transaction and withdraw from the judicial discussion after considering the current stage of discussion of the process, possible risk of outcome in return for the financial benefits linked to the conclusion of the transaction. Under the terms of said agreement and, in return to the extinction of the lawsuits under the same case, the amount of the tax debt determined in the Transaction, on the base date of November 1, 2022, was R\$ 1,288,174.

The amounts deposited in court by CPFL Paulista in the proceedings of the Tax Executions were used for amortization of tax debt balances, resulting in a total net debt of R\$ 1,022,048 (as of November 1, 2022), which, updated to December 31, 2022, is R\$ 1,025,193.

In May 2023, the Attorney General's Office of the National Treasury "PGFN" consolidated the tax debt determined in the Transaction, in the amount of R\$ 1,055,378. As part of the agreement, this balance must be paid in 60 (sixty) monthly installments, and, from May to December 2023, 8 installments were paid, in the total amount of R\$ 10,824 and the updated balance of the open installments, in December 2023, is R\$ 1,119,942.

In relation to financial guarantees (insurance and bank finance), the amount of which as of December 31, 2023 is R\$1,716,086 (R\$1,814,280 as of December 31, 2022), will be maintained in an amount sufficient to guarantee the Transaction, and there may be a change in the value with prior authorization from the National Treasury, in proportion to the amortization of the subsidy within the scope of the transaction.

Upon conclusion of the Tax Transaction and accounting recognition of the debt, the Company will adopt the appropriate legal measures to comply with the established conditions and to extinguish the related lawsuits, in accordance with the terms of the Transaction.

The Group has some uncertain income tax treatments for which management concluded that it is probable more likely than not that they will be accepted by the tax authority and for which the effects of potential contingencies is disclosed in note 23 – Provision for tax, civil and labor risks and escrow deposits.

(22) PROVISION FOR TAX, CIVIL AND LABOR RISKS AND ESCROW DEPOSITS

	Consolidated			
	December 31, 2023		December 31, 2022	
	Provision for tax, civil and labor risks	Escrow deposits	Provision for tax, civil and labor risks	Escrow deposits
Labor	568,319	231,537	510,853	190,486
Civil	392,972	35,875	417,121	33,127
Tax	387,787	519,230	295,984	491,290
Others	164,293	3,092	121,277	2,018
Total	1,513,371	789,734	1,345,236	716,921

The movements in the provision for tax, civil, labor and other risks are shown below:

	Consolidated				
	At December 31. 2022	Additions	Reversals	Payments	At December 31. 2023
Labor	510,853	153,708	(88,637)	(65,203)	568,319
Civil	417,121	191,473	(65,124)	(181,219)	392,972
Tax	295,984	109,671	(25,287)	(15,048)	387,787
Others	121,277	48,512	(154)	(11,899)	164,293
Total	1,345,236	503,363	(179,203)	(273,370)	1,513,371

The provision for tax, civil, labor and other risks was based on the assessment of the risks of losing the lawsuits to which the Group is part, where the likelihood of loss is probable in the opinion of the outside legal counselors and the Management of the Group.

The principal pending issues relating to litigation, lawsuits and tax assessments are summarized below:

- a. **Labor:** The main labor lawsuits relate to claims filed by former employees or labor unions for payment of salary adjustments (overtime, salary parity, severance payments and other claims).

- b. **Civil**

Bodily injury - refer mainly to claims for indemnities relating to accidents in the Company's electrical grids, damage to consumers, vehicle accidents, etc.

Tariff increase - refer to various claims by industrial consumers as a result of tariff increases imposed by DNAEE Administrative Rules 38 and 45, of February 27 and March 4, 1986, when the "Plano Cruzado" economic plan price freeze was in effect.

- c. **Tax** - this refers to lawsuits in progress at the judicial and administrative levels resulting from the subsidiaries' operations, related to tax matters involving IRPJ, CSLL, INSS, FGTS, SAT, PIS and COFINS.
- d. **Others:** The line item of "others" refers mainly to lawsuits involving regulatory matters.

Possible losses

The Group is part to other lawsuits in which Management, supported by its external legal counselors, believes that the chances of a successful outcome are possible due to a solid defensive position in these cases, therefore no provision was recognized. It is not yet possible to predict the outcome of the courts' decisions or any other decisions in similar proceedings considered probable or remote.

The claims relating to possible losses at December 31, 2023 and 2022 were as follows:

	Consolidated		Main causes
	December 31, 2023	December 31, 2022	
Labor	694,744	629,643	Work accidents, risk premium for dangerousness at workplace and overtime
Civil	2,655,320	2,533,637	Compensation claims, electrical damages, overfed tariffs, review of contracts and charges for occupation of the right-of-way.
Tax	3,558,093	3,767,887	Income tax and social contribution
Tax - Others	2,979,793	2,973,319	INSS, ICMS, FINSOCIAL, PIS and COFINS
Regulatory	173,440	162,080	Technical, commercial and economic-financial supervisions
Total	10,061,390	10,066,566	

Civil

In 2014, the subsidiaries CPFL Bio Pedra, CPFL Bio Buriti and CPFL Renováveis received a request for arbitration to declare the default in relation to the contractual obligations arising from the consortium constitution agreement, with a claim for compensation due to related losses, in addition to the obligation of the payment of fees, expenses with arbitrators and costs of arbitration.

In March 2023, Management became aware of the arbitration award unfavorable to the subsidiaries and, in September 2023, the subsidiaries filed a lawsuit for the annulment of the arbitration award, with the objective of contesting the final arbitrated amount of R\$ 450 million. In June 2023, the subsidiaries made a payment of R\$ 53 million, with no impact on the income statement, since the respective liabilities were already recorded.

The remaining amount remains under discussion in the lawsuit for the annulment of the arbitration award, in which the subsidiaries obtained an injunction suspending the effects of the arbitration award, evaluated by the Group's legal advisors as a possible risk of loss.

Tax

- (i) In August 2016, the subsidiary CPFL Renováveis received a tax infringement notice in the updated amount of R\$ 384,975, relating to the collection of Withholding Income Tax (IRRF) on the remuneration of capital gain incurred with parties resident and/or domiciled abroad, resulting from the sale of Jantus SL, in December 2011, which the Group Management - supported by the opinion of its external legal advisors - classified the chances of loss of the processes as possible. In June 2023, there was a partially favorable CARF decision and the total amount of R\$ 196,263 remains under discussion
- (ii) in 2016 the subsidiary CPFL Geração received a tax infringement notice in the inflation-adjusted amount of R\$ 548,941 related to the collection of IRPJ and CSLL for the calendar year 2011, calculated on the alleged capital gain identified on the acquisition of ERSA Energias Renováveis S.A. and on the recording of differences in the fair value remeasurement of SMITA Empreendimentos e Participações S.A., a company acquired in a downstream merger, for which the Company's management, supported by the opinion of its outside legal counselors, assessing the chances of loss as possible. As of September 2020, as a result of the integration of CPFL Renováveis in 2020, the processes migrated to CPFL Renováveis.

The Company's management, based on the opinion of its external legal advisors, believes that the amounts accrued reflect the current best estimate.

(23) OTHER PAYABLES

	Consolidated			
	Current		Non-current	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Consumers and concessionaires	478,793	431,655	76,025	84,754
Energy efficiency program - PEE	305,168	400,715	10,950	6,344
Research & Development - P&D	226,067	210,868	63,806	69,492
EPE / FNDCT / PROCEL (*)	68,703	50,743	-	-
Reversion fund	1,712	1,712	5,769	7,481
Advances	614,909	766,939	148,380	126,579
Tariff discounts - CDE	18,388	29,253	-	-
Payroll	35,123	35,471	-	-
Profit sharing	142,505	128,318	56,779	47,200
Collection agreements	126,542	117,410	-	-
Business acquisition	11,858	12,282	-	-
Others	186,315	169,503	381,031	364,413
Total	2,216,083	2,354,869	742,739	706,263

(*) EPE - Energy Research Company; FNDCT- National Fund for Scientific and Technological Development; PROCEL - National Electricity Conservation Program

Consumers and concessionaires: refer to liabilities with consumers in connection with overpayments and adjustments of billing to be offset or returned.

Advances: refer mainly to advances from customers in relation to advance billing by the subsidiary CPFL Renováveis, before the energy or service has actually been provided or delivered.

PEE and R&D: the distribution subsidiaries recognized liabilities related to amounts already billed in tariffs (1% of net operating revenue), but not yet invested in PEE and R&D programs. Such amounts are subject to monthly monetary restatement, based on the SELIC rate, until their effective realization. Additionally, Law No. 14,120 on March 1, 2021 and ANEEL Dispatch No. 904 of March 30, 2021, establish that between September 1, 2020 and December 31, 2025, up to 30% of the amounts provided for the Programs R&D and PEE, not committed to projects contracted or started by August 31, 2020, should be allocated to the CDE in favor of low tariffs. The collections to CDE are made on the 10th of each month, and the first payment was made in April 2021.

Profit sharing: mainly comprised by:

(i) in accordance with a collective labor agreement, the Group introduced an employee profit-sharing program, based on the achievement of operating and financial targets previously established;

(ii) Long-Term Incentive Program: refers to the Long-Term Incentive Plan for the Group's Executives, approved by the Board of Directors, which consists in an incentive in financial resources based on salary multiples and that are driven by the company's results and average performance in the three fiscal years after each concession.

Collection agreements: refer to agreements signed with city halls and companies for collection through the electric energy bill and subsequent transfer of amounts referring to the contribution of public lighting, newspapers, medical assistance, home insurance, among others.

Lease liabilities are presented under the line Others (Note 3.16).

(24) EQUITY

The shareholders' interest in the Company's equity at December 31, 2023 and 2022 is shown below:

Shareholders	Number of shares			
	December 31, 2023		December 31, 2022	
	Common shares	Interest %	Common shares	Interest %
State Grid Brazil Power Participações S.A.	730,435,698	63.39%	730,435,698	63.39%
ESC Energia S.A.	234,086,204	20.32%	234,086,204	20.32%
Members of the Board of Directors	23,600	0.00%	163,600	0.01%
Members of the Executive Board	500	0.00%	2,300	0.00%
Other shareholders	187,708,438	16.29%	187,566,638	16.28%
Total	1,152,254,440	100.00%	1,152,254,440	100.00%

24.1 Capital management

The Company's policy is to maintain a solid capital base in order to keep the trust of the investor, the creditors and the market and to ensure the business sustainability. Management monitors the return on capital and the strategy of rising dividends from the subsidiaries to the Company and from the Company to the controlling shareholders.

The Company manages the leverage ratio analyzing the advantages and the security provided by an improved equity capital position. The Company monitors capital using the gearing ratio calculated by net debt to EBITDA.

In 2023, the consolidated capital structure and leverage ratio of CPFL Energia remained at adequate levels. The Company's net debt reached 1.87 times the EBITDA at the end of 2023 (1.88 times at December 31, 2022) under the criterion for measuring the Company's financial covenants, lower than in the prior year. The Group's policy is to keep such ratio below 3.75, since most of its agreements use this measurement. Historically, the Company has not acquired its own shares in the market.

24.2 Capital reserve

It basically refers to (i) registration of transactions involving the subsidiary CPFL Renováveis in business combinations and public offering of shares from 2011 to 2014 (R\$ 467,927); (ii) reduction due to the acquisition of a stake in CPFL Renováveis, previously by the parent company, State Grid, in 2019 (R\$ 2,034,920); (iii) increase due to the acquisition of an additional stake by the subsidiary CPFL Cone Sul, in CPFL Transmissão, in 2022 (R\$ 250,347) and (iv) reduction due to other changes in stakes without change in control (R\$ 80,261).

In accordance with ICPC 09 (R2) and IFRS 10 / CPC 36, these effects were recognized as transactions between shareholders, directly in Equity.

24.3 Earnings reserve

The profit reserve balance on December 31, 2023 was R\$ 9,718,793, comprising: (i) legal reserve of 1,877,614, (ii) unrealized profit reserve of R\$ 2,204,186 and (iii) working capital reinforcement reserve R\$ 5,639,993.

24.4 Accumulated comprehensive income

Accumulated comprehensive income is comprised of:

(i) Deemed cost: Refers to the recognition of the fair value adjustment of the deemed cost of the generating plants' property, plant and equipment, of R\$ 247,502;

(ii) Private pension plan: the debt balance of R\$ 1,820,246 (net of IRPJ and CSLL) refers to the effects recognized directly in comprehensive income, in accordance with IAS 19 / CPC 33 (R2); and

(iii) Effects of the credit risk in the fair value measurement of financial liabilities, net of income taxes, in accordance with IFRS 9 / CPC 48 (credit amount of R\$ 6,382).

24.5 Dividends

The Ordinary and Extraordinary General Meeting of April 28, 2023 approved the proposed additional declaration of dividends of R\$ 1,211,152 for the year 2022.

The Company is proposing, for the year 2023, the amount of R\$ 437,410 of mandatory minimum dividend, and R\$ 2,735,872 of proposed additional dividend.

In 2023, the Company paid R\$ 3,314,719 in dividends.

24.6 Allocation profit for the year

The Company's bylaws establish the payment of minimum dividend of 25% of the profit for the year, adjusted as required by law, to the holders of its shares.

The proposal for allocation of profit for the year is shown in the table below:

	2023
Net income for the year - parent company	5,527,101
Realization profit reserve - unrealized profit	207,652
Realization of comprehensive income	26,612
Time-barred dividends	6,491
Net income considered for allocation	5,767,856
Legal reserve	(166,949)
Profit reserve - unrealized profit	(728,098)
Profit reserve - Working capital reinforcement	(1,699,527)
Mandatory minimum dividends	(437,410)
Proposed additional dividends	(2,735,872)

Considering the Company's high Capex plan for the coming years, especially for distributors, the Company's Management is proposing the allocation of R\$ 1,699,527 to the statutory reserve - reinforcement of working capital. In addition, part of the profit for the year was allocated to the Reserve for Unrealized Profits, in the amount of R\$ 728,098, referring mainly to the monetary restatement of the Financial Assets of the Distributors Concession. Any changes in these perspectives that reflect changes in the reserve may be carried out during the 2024 financial year, upon approval by Management.

The amount of R\$ 902,628 distributed in the second half of 2023 was allocated to the calculation of the minimum mandatory dividend.

(25) EARNINGS PER SHARE

Earnings per share – basic and diluted

The calculation of the basic and diluted earnings per share as at December 31, 2023 and 2022 was based on the profit for the year attributable to controlling shareholders and the weighted average number of common shares outstanding during the reporting years:

	2023	2022
Numerator		
Profit attributable to controlling shareholders	5,527,101	5,099,586
Denominator		
Weighted average number of shares held by shareholders	1,152,254,440	1,152,254,440
Earnings per share	4.80	4.43

(26) NET OPERATING REVENUE

	Consolidated					
	Number of consumers		GWh		R\$ thousand	
	2023	2022	2023	2022	2023	2022
Revenue from Electric Energy Operations						
Consumer class						
Residential	9.487.461	9.350.515	21.980	20.922	18.193.735	17.529.779
Industrial	54.550	51.596	6.849	8.176	3.652.842	4.158.151
Commercial	543.944	523.143	8.599	9.177	6.429.795	6.627.441
Rural	323.402	329.584	2.601	2.886	1.735.262	1.858.627
Public administration	67.973	65.594	1.409	1.310	1.129.648	1.057.984
Public lighting	10.905	10.441	1.944	1.975	946.804	977.122
Public services	11.594	11.259	1.869	1.753	1.273.541	1.248.552
Billed	10.499.829	10.342.132	45.250	46.199	33.361.626	33.457.657
Own consumption	-	-	36	35	-	-
Unbilled (net)	-	-	-	-	325.733	82.475
(-) Reclassification to Network Usage Charge - TUSD - Captive Consumers	-	-	-	-	(17.413.175)	(14.832.174)
Electricity sales to final consumers	10.499.829	10.342.145	45.287	46.234	16.274.184	18.707.958
Furnas Centrais Elétricas S.A.			2.731	2.394	906.884	918.110
Other concessionaires and licensees			15.177	12.692	4.326.171	3.597.272
(-) Reclassification to Network Usage Charge - TUSD - Captive Consumers			-	-	(198.767)	(165.072)
Spot market energy			7.436	10.667	541.100	582.956
Electricity sales to wholesalers			25.344	25.753	5.575.388	4.933.266
Revenue due to Network Usage Charge - TUSD - Captive Consumers					17.611.942	14.997.246
Revenue due to Network Usage Charge - TUSD - Free Consumers					6.279.340	5.189.949
(-) Compensation paid for failure to comply with the limits of continuity					(117.650)	(110.537)
Revenue from construction of concession infrastructure					4.670.893	5.356.676
Sector financial asset and liability (Note 9)					1.524.723	89.284
Concession financial asset - fair value adjustment (Note 11)					1.005.362	1.401.373
Energy development account - CDE - Low-income. Tariff discounts					2.029.907	1.926.329
Other revenues and income					1.868.089	2.159.062
Other operating revenues					34.872.606	31.009.382
Total gross operating revenue					56.722.177	54.650.607
Deductions from operating revenues						
ICMS					(5.992.312)	(5.386.982)
PIS					(722.980)	(664.430)
COFINS					(3.339.845)	(3.138.392)
ISS					(32.436)	(33.376)
Global reversal reserve - RGR					(265)	(1.815)
Energy development account - CDE					(5.838.850)	(5.720.252)
Research and development and energy efficiency programs					(300.808)	(278.404)
PROINFA					(353.258)	(325.822)
Tariff flags and others					(4.778)	327.584
Financial compensation for the use of water resources - CFURH					(41.282)	(16.889)
Other					(62.025)	(57.591)
					(16.978.987)	(15.296.370)
Net operating revenue					39.743.190	39.354.237

Other revenues and income: This line contains revenue from the Transmission segment arising from the operation and maintenance and remuneration of the contractual asset of R\$ 1,333,424 (R\$ 1,620,033 in 2022).

Revenue from construction of concession infrastructure: Refers to revenue from construction of concessions in the Distribution segment of R\$ 3,791,031 (R\$ 4,736,849 in 2022) and Transmission segment of R\$ 879,862 (R\$ 619,827 in 2022) .

26.1 Adjustment of revenues from excess demand and excess reactive power

As provided for in Sub-module 2.7 of the Tariff Regulation Procedures – PRORET, approved through Normative Resolution No. 463/2011, since the 4th cycle of period tariff review of the distribution subsidiaries, the revenues earned from excess demand and excess reactive power have been recorded as a sector liability since May 2015. The recorded amounts will be amortized as from the 5th cycle, (already in effect for subsidiary CPFL Piratininga) when they will be deducted from Portion B (portion of manageable costs of the tariffs), except for subsidiary CPFL Santa Cruz, whose amortization started in the Annual Tariff Review – RTA of March 2017 due to the renewal of its concession in 2015.

26.2 Periodic tariff review ("RTP") and Annual tariff adjustment ("RTA")

Distributor	Month	2023		2022	
		RTA / RTP	Effect perceived by consumers (a)	RTA / RTP	Effect perceived by consumers (a)
CPFL Paulista	April	3.36%	4.89%	12.77%	14.97%
CPFL Piratininga	October	-0.73%	-4.37%	21.07%	14.72%
RGE	June	1.67%	1.10%	8.72%	10.98%
(a) CPFL Santa Cruz	March	5.65%	9.02%	7.82%	8.83%

Represents the average effect perceived by the consumer, as a result of the elimination from the tariff base of financial components that had been added in the prior tariff adjustment.

26.3 Energy Development Account (CDE) – Low income, other tariff subsidies and tariff discounts - injunctions

Law 12,783 of January 11, 2013 determined that the amounts related to the low-income subsidy, as well as other tariff discounts shall be fully subsidized by amount from the CDE.

Income of R\$ 2,029,907 was recognized in 2023 (R\$ 1,926,329 in 2022), these items were recognized against other assets in the line item Receivables – CDE (note 12) and other payables in line item Tariff discounts – CDE (note 23).

26.4 Energy development account ("CDE")

ANEEL, through REH No. 3,165, of December 13, 2022, established the provisional monthly quotas of the CDE-USO, from January 2023..

26.5 Reduction of ICMS rates on electricity tariffs

On June 23, 2022, Complementary Law No. 194 was published, which determined the reduction of ICMS rates on electricity throughout the States, as well as reducing its tax base. In this context, the Company carried out an analysis of state rules and legislation on the subject in order to reflect a better understanding of the new determination in its billing systems.

On February 9, 2023, precautionary injunction No. 7,195 determined the suspension of the non-levy of ICMS on transmission, distribution and sector charges linked to operations with electricity, which then became taxable again.

(27) COST OF ELECTRIC ENERGY

	Consolidated			
	GWh		R\$ thousand	
	2023	2022	2023	2022
<u>Electricity Purchased for Resale</u>				
Itaipu Binacional	9,885	10,198	2,133,963	2,971,650
PROINFA	937	968	420,363	594,896
Energy purchased through auction in the regulated market, bilateral contracts and spot market	57,117	58,883	11,252,096	11,463,069
PIS and COFINS credit	-	-	(1,223,021)	(1,332,795)
Subtotal	67,938	70,049	12,583,399	13,696,819
<u>Electricity network usage charge</u>				
Basic network charges			3,888,958	3,127,713
Transmission from Itaipu			363,184	283,992
Connection charges			108,045	103,021
Charges for use of the distribution system			85,080	77,181
System service charges - ESS net of CONER pass through (*)			164,719	555,820
Reserve energy charges - EER			1,026,085	703,364
PIS and COFINS credit			(550,652)	(477,452)
Subtotal			5,085,419	4,373,639
Total			17,668,819	18,070,459
(*) Energy reserve account				

(28) OTHER OPERATING COSTS AND EXPENSES

	Consolidated											
	Other Cost of operation		Cost of Services Rendered to Third Parties		Other operating expenses						Total	
					Selling expenses		General and administrative expenses		Other operating expenses			
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Personnel	1,452,219	1,437,069	-	-	211,789	184,963	495,503	415,546	-	-	2,159,511	2,037,578
Private Pension Plans	163,307	337,904	-	-	-	-	-	-	-	-	163,307	337,904
Materials	342,821	442,201	2,185	1,747	30,655	11,625	20,111	9,750	-	-	395,772	465,323
Third party services	233,843	191,336	3,158	2,850	207,681	197,350	546,299	343,269	-	-	990,981	734,805
Costs of infrastructure construction	-	-	4,370,793	5,385,799	-	-	-	-	-	-	4,370,793	5,385,799
Impairment	-	-	-	-	-	-	-	-	334,193	-	334,193	-
Fair value adjustment in investment in equity instrument	-	-	-	-	-	-	-	-	49,607	(640,305)	49,607	(640,305)
Others	142,951	86,450	35	60	76,898	84,255	431,448	560,561	170,888	140,888	822,221	872,214
Collection fees	-	-	-	-	76,758	84,736	-	-	-	-	76,758	84,736
Leases and rentals	89,001	64,892	-	-	(1,086)	-	(13,835)	1,620	-	-	74,080	66,512
Publicity and advertising	-	18	-	-	-	-	32,112	28,974	-	-	32,112	28,992
Legal, judicial and indemnities	-	(1)	-	-	731	-	402,666	531,409	-	-	403,397	531,408
Gain (loss) on disposal, retirement and other non-current assets	-	-	-	-	-	-	-	-	163,736	177,994	163,736	177,994
Others	53,951	21,541	35	60	495	(481)	10,505	(1,442)	7,152	(37,106)	72,138	(17,428)
Total	2,335,142	2,494,961	4,376,171	5,390,456	527,024	478,193	1,493,361	1,329,126	554,686	(499,417)	9,286,385	9,193,311

(29) FINANCE INCOME (COSTS)

	Consolidated	
	2023	2022
<u>Financial income</u>		
Income from financial investments	672,161	475,381
Late payment interest and fines	321,666	340,072
Adjustment for inflation of tax credits	616,885	723,446
Adjustment for inflation of escrow deposits	50,933	70,151
Adjustment for inflation and exchange rate changes	104,416	222,392
Discount on purchase of ICMS credit	51,372	50,040
Adjustments to the sector financial asset (note 9)	138,235	385,879
PIS and COFINS on other financial income	(45,341)	(93,432)
Other	25,006	(19,803)
Total	1,935,333	2,154,127
<u>Financial expenses</u>		
Interest on debts	(1,848,282)	(1,629,329)
Adjustment for inflation and exchange rate changes	(1,532,358)	(2,331,410)
(-) Capitalized interest	38,858	53,547
Adjustments to the sector financial liability (note 9)	(71,825)	(49,360)
Intragroup loans (note 31)	(396,460)	(339,201)
Exclusion of ICMS from the PIS/COFINS base (note 8)	(494,801)	(561,943)
Other	(187,305)	(207,700)
Total	(4,492,173)	(5,065,396)
Financial result	(2,556,840)	(2,911,269)

Interests were capitalized at an average rate of 7.28% p.a. in 2023 (7.14% in 2022) on qualifying assets, in accordance with CPC 20 (R1) and IAS 23.

In line item of monetary adjustment and exchange rate changes, the expense includes the net effects of losses with derivative instruments of R\$ 1,250,634 at 2023 (gains of R\$ 1,327,347 at 2022) (note 34).

(30) SEGMENT INFORMATION

The segregation of the Group's operating segments is based on the internal financial information and management structure and is made by type of business: electric energy distribution, electric energy generation, electric energy transmission, electric energy commercialization and services rendered activities.

Profit or loss segment include items directly attributable to the segment, as well as those that can be allocated on a reasonable basis, if applicable. Prices charged between segments are determined based on similar market transactions. Note 1 presents the subsidiaries according to their areas of operation and provides further information on each subsidiary and its business line and segment.

The information segregated by segment is presented below, according to the criteria established by the Group's officers:

	Distribution	Geração	Transmissão	Generation	Services	Subtotal	Other (*)	Elimination	Total
2023									
Net operating revenue	32,401,575	3,354,500	1,529,940	2,291,390	165,514	39,742,919	271	-	39,743,190
(-) Intersegment revenues	12,174	1,642,824	424,516	18,309	845,944	2,643,768	-	(2,943,768)	-
Cost of electric energy	(17,016,789)	(547,098)	-	(2,202,898)	-	(19,766,785)	-	2,097,966	(17,668,819)
Operating costs and expenses	(7,492,797)	(1,039,463)	(977,502)	(67,386)	(783,406)	(10,360,553)	(49,086)	845,801	(9,563,838)
Depreciation and amortization	(1,171,213)	(896,084)	(57,811)	(5,710)	(50,823)	(2,181,641)	(67,978)	-	(2,249,618)
Income from electric energy service	6,732,950	2,514,680	919,143	33,706	177,229	10,377,708	(116,793)	-	10,260,915
Equity interests in subsidiaries, associates and joint ventures	-	314,909	3,799	-	-	318,708	-	-	318,708
Financial income	1,560,891	220,183	86,219	55,898	23,573	1,946,764	235	(11,666)	1,935,333
Financial expenses	(3,303,374)	(785,467)	(267,309)	(133,777)	(11,659)	(4,501,587)	(2,253)	11,666	(4,492,173)
Profit (loss) before taxes	4,990,467	2,264,304	741,852	(44,173)	189,143	8,141,594	(118,811)	-	8,022,782
Income tax and social contribution	(1,686,038)	(490,782)	(209,414)	(1,593)	(44,851)	(2,432,677)	(52,944)	-	(2,485,621)
Profit (loss) for the period	3,304,429	1,773,523	532,438	(45,765)	144,292	5,708,917	(171,755)	-	5,537,162
Purchases of contract asset PP&E and intangible assets	3,792,884	446,468	734,722	4,837	91,456	5,070,367	2,841	-	5,073,208
2022									
Net operating revenue	32,388,550	2,953,000	1,550,460	2,317,611	144,526	39,354,147	90	-	39,354,237
(-) Intersegment revenues	10,898	1,298,430	413,844	19,730	899,077	2,641,980	-	(2,641,980)	-
Cost of electric energy	(16,902,804)	(545,087)	-	(2,369,486)	-	(19,817,378)	-	1,746,920	(18,070,459)
Operating costs and expenses	(8,498,160)	49,158	(1,004,028)	(53,994)	(843,995)	(10,351,019)	(56,008)	895,082	(9,511,947)
Depreciation and amortization	(1,070,643)	(761,171)	(70,122)	(5,774)	(52,485)	(1,960,196)	(71,250)	-	(2,031,445)
Income from electric energy service	5,927,841	2,994,329	890,154	(91,914)	147,123	9,867,533	(127,145)	-	9,740,387
Equity interests in subsidiaries, associates and joint ventures	-	488,731	1,799	-	-	490,530	-	-	490,530
Financial income	1,744,126	173,703	176,006	36,477	14,902	2,145,215	29,956	(21,044)	2,154,127
Financial expenses	(3,791,168)	(789,688)	(221,148)	(203,612)	(15,061)	(5,020,676)	(65,764)	21,044	(5,065,396)
Profit (loss) before taxes	3,880,800	2,867,075	846,811	(259,048)	146,964	7,482,602	(162,953)	-	7,319,648
Income tax and social contribution	(1,502,465)	(268,133)	(286,347)	15,645	(33,963)	(2,075,263)	(25,572)	-	(2,100,835)
Profit (loss) for the period	2,378,334	2,598,942	560,464	(243,404)	113,002	5,407,338	(188,526)	-	5,218,813
Purchases of contract asset PP&E and intangible assets	4,790,933	258,163	696,510	5,873	52,391	5,803,870	1,545	-	5,805,415

(*) Others – refer basically to assets and transactions which are not related to any of the identified segments.

(31) RELATED PARTY TRANSACTIONS

The Company's controlling shareholders are as follows:

- State Grid Brazil Power Participações S.A.

Indirect subsidiary of State Grid Corporation of China, a Chinese state-owned company primarily engaged in developing and operating businesses in the electric energy sector.

- ESC Energia S.A.

Subsidiary of State Grid Brazil Power Participações S.A.

The direct and indirect interests in operating subsidiaries are described in note 1.

Controlling shareholders, subsidiaries, associates, joint ventures and entities under common control and that in some way exercise significant influence over the Company and its subsidiaries and associates were considered as related parties.

The main transactions are listed below:

- Purchase and sale of energy and charges** – refer basically to energy purchased or sold by distribution, commercialization and generation subsidiaries through short or long-term agreements and tariffs for the use of the distribution system (TUSD). Such transactions, when conducted in the free market, are carried out under conditions considered by the Company as similar to market conditions at the time of the trading, according to internal policies previously established by the Company's management. When conducted in the regulated market, the prices charged are set through mechanisms established by the regulatory authority.
- Intangible assets, property, plant and equipment, materials and service** – refers mainly to rendered services in advisory and management of energy plants, consulting and engineering.
- Other financial operations** – Refer mainly to the issuance of debentures by the subsidiaries CPFL Paulista and RGE, acquired by State Grid Brazil Power Participações S.A. The effective annual rate of these debentures is CDI + 1,20% with maturity in December 2026.

Certain subsidiaries of the Company have retirement supplementation plans with Vivest and Família Previdência, offered to their employees. For additional information, see note 20 Private Pension Plan.

The Group has a “Related Parties Committee”, comprising representatives of two independent members and one officer of the Company, which evaluates the main transactions with related parties.

Management has considered the closeness of relationship with the related party together with other factors to determine the level of detail of the disclosed transactions and believes that significant information regarding transactions with related parties has been adequately disclosed.

The total compensation of key management personnel in 2023, in accordance with CVM Decision 642/2010 and CPC 05(R1), was R\$ 90,507 (R\$ 89,030 in 2022). This amount comprises R\$ 70,261 (R\$ 72,120 in 2022) in respect of short-term benefits and R\$ 1,572 (R\$ 1,233 in 2022) of post-employment benefits, and a recovery of R\$ 18,673 of expenses related to other long-term benefits (R\$ 15,676 in 2022) , and refers to the amount registered under the accrual method.

The intercompany loan received balance at the parent company at December 31, 2023 in the amount of R\$ 37,942 refers mainly to the loan raised in the year to the subsidiary CPFL Serviços, with maturity until December 2024 and subject to interest equivalent to 105.75% of the CDI (R\$ 52,859 at December 31, 2022).

The balance of the intercompany loan payable in the consolidated, in the amount of R\$ 3,140,112 (R\$ 2,803,121 at December 31,2022), mainly refers to the loan between subsidiary CPFL Renováveis R\$ 2,639,042 (R\$ 2,355,825 at December 31, 2022) and CPFL Brasil R\$ 501,070 (R\$ 447,296 at December 31, 2022) and the parent company State Grid Brazil Power – SGBP, maturing up to June 2024 and bearing interest corresponding to CDI + 1.1% p.a. spread.

Transactions with entities under common control basically refers to transmission system charge paid by the Company’s subsidiaries to the direct or indirect subsidiaries of State Grid Corporation of China.

Transactions involving controlling shareholders, entities under common control or significant influence and joint ventures:

	ASSETS		LIABILITIES		INCOME		EXPENSES	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Other Financial Operations								
State Grid Brazil Power Participações S.A.	-	-	1,565,111	1,500,000	-	51	-	-
Entities under common control	-	-	-	-	-	-	-	-
Energy purchase and sales, and charges								
Entities under common control	-	6	25	-	308	57	411,947	360,946
Jointly controlled ventures (CPFL Energia consolidated)	-	3,915	94,211	152,944	601	38,337	957,628	1,296,344
Intangible assets, property, plant and equipment, materials and service rendered								
Entities under common control	12,567	-	11,639	20,363	12,618	-	9,153	82,620
Jointly controlled ventures (CPFL Energia consolidated)	98	230	-	-	5,518	4,568	46	-
Intragroup loans								
State Grid Brazil Power Participações S.A.	-	-	3,140,112	2,803,121	-	-	396,460	339,201
Dividends and interest on capital								
Joint ventures (CPFL Energia consolidated)	7,502	1,500	-	-	-	-	-	-
Others								
Instituto CPFL	-	-	-	-	-	-	3,913	19,038

(32) INSURANCE

The Group maintain insurance policies with coverage based on specialized advice and takes into account the nature and degree of risk. The amounts are considered sufficient to cover any significant losses on assets and/or responsibilities. The main insurance policies are:

<u>Description</u>	<u>Type of coverage</u>	<u>December 31, 2023</u>
Fixed asset	Operation Risks, Loss of Profits, Named Risks, Engineering Risks and Multi- Risk	2,604,719
Transport	National and internacional transport	1,459,231
Civil liability	General, civil works, installation and assembly, eletricity distribution concessionaires or not, environmental risks and resp. professional civilian	281,348
Personnel	Group life and personal accidents	2,086,198
Garantia	Guarantee insurance	7,343,089
Others	Operational risks and others	150,000
Total		13,924,585

Certain policies for coverage of fixed assets and civil liability are shared between Group companies. The premium is paid proportionately by each company involved in accordance with criteria defined by Management.

(34) RISK MANAGEMENT

The Group's businesses comprise mainly the generation, transmission, commercialization and distribution of electricity. As concessionaire of public services, the activities and/or tariffs of its major subsidiaries are regulated by ANEEL.

Risk management structure

At the Group, the risk management is conducted through a structure that involves the Board of Directors and Supervisory Board, Advisory Committees, Executive Board, Internal Audit, Risk and Compliance Officer, DPO Officer, and business areas. This management is regulated by the Corporate Risk Management Policy, which describes the risk management model as well the main responsibilities of the parties involved and the limits of exposure to the main risks.

CPFL Energia's Board of Directors is responsible for:

- Guiding the conduct of business, observing, among others, the monitoring of business risks exercised through the corporate risk management model adopted by the Company;
- Observing the responsibilities provided for in the Internal Regulations of the Board of Directors.
- Ensuring that the Executive Board has mechanisms and internal controls to know and assess the Risks.
- Deliberate on the proposed changes to the Corporate Risk Map submitted by the CPFL Energia's Executive Board;
- Deciding on the proposed risk indicators and risk limit methodologies recommended by CPFL Energia's Executive Board, in addition to knowing the exposures and mitigation plans presented in the event of any exceeding of these limits; and
- Observing and monitoring any important weaknesses in controls and/or processes, as well as relevant regulatory compliance failures, following up on plans proposed by CPFL Energia's Executive Board to remedy them.

The Advisory Committee(s) of the Board of Directors

- Comply with the responsibilities provided for in the Internal Regulation of the Advisory Committees;
- Monitor the progress of mitigation actions flagged for reframing exposures to approved risk limits.
- Guide the work of Internal Audit and elaborate proposals for improvement and;

- Become aware of: (i) risk monitoring models; (ii) exposures to risks; and (iii) levels of control (including their effectiveness), supporting the Board of Directors in the performance of its statutory role relating to risk management.

The Supervisory Board of CPFL Energia is responsible for, among other things, certifying that Management has means to identify the risks on the preparation and disclosure of the financial statements to which the CPFL Group is exposed as well as monitoring the effectiveness of the control environment.

The Executive Board of CPFL Energia is responsible for:

- Recommending risk indicators and risk limit methodologies or limits to CPFL Energia's Board of Directors for deliberation;
- Observing the defined risk limits, taking the necessary measures to prevent exposure to risks from exceeding such limits and reporting any excesses to CPFL Energia's Board of Directors, presenting mitigation actions;
- Recommending changes to the Corporate Risk Map to CPFL Energia's Board of Directors for deliberation;
- Evaluating, at least annually, the effectiveness of this Policy of risk management and of the risk management and internal controls systems, as well as of the integrity/compliance program and reporting to the board of directors on this assessment;
- Submitting to CPFL Energia's Board of Directors matters it deems relevant for the effective monitoring of corporate risks.

CPFL Energia's Audit, Risk, Compliance and DPO Board is responsible for:

- Coordinating the corporate risk assessment process, developing and keeping updated Corporate Risk Management methodologies;
- Identifying and documenting the risks to which CPFL Group companies are exposed;
- Developing, together with business managers, models and/or indicators for risk monitoring, classification criteria and limit proposals;
- Periodically monitoring exposures to risks and monitoring the implementation of mitigation actions by business managers;
- Monitoring the presentation of the risk model and the justification for exceeding the limit to CPFL Energia's Executive Board;
- Monitoring and reporting the status of mitigation plans flagged for reframing exposures to approved limits; and
- Evaluating the internal control environment of CPFL Group companies and interacting with the respective Business Managers, seeking the definition of action plans in case of identified deficiencies.

The business areas have the primary responsibility for the management of the risks inherent to its processes, and should conduct them within the exposure limits defined and implementing mitigation plans for the main exposures as well as develop and maintain an proper environment of operational controls to effectiveness and business continuity and its associated business units.

The main market risk factors that affect the businesses are as follows:

Foreign exchange risk: This risk derives from the possibility of the Group incurring losses and cash constraints due to fluctuations in exchange rates, increasing the balances of liabilities denominated in foreign currency. The exposure related to foreign currency loans is covered by swap financial operations. The quantification of these risks is presented in note 34. In addition, the subsidiaries are exposed in their operating activities to fluctuations in exchange rates on purchase of electricity from Itaipu. The compensation mechanism – CVA protects the distribution subsidiaries against any economic losses.

Interest rate risk and inflation indexes: This risk arises due to the possibility of the Group incurring losses due to fluctuations in interest rates and in inflation indexes, which would increase the finance costs related to borrowings and debentures. The quantification of this risk is presented in note 34.

Credit risk: this risk arises from the possibility of the subsidiaries incurring losses resulting from difficulties in collecting amounts billed to customers. This risk is managed by the sales and services segments through norms and guidelines applied in terms of the approval, guarantees required and monitoring of the operations. In the distribution segment, even though it is highly pulverized, the risk is managed through monitoring of

defaults, collection measures and cutting off supply. In the generation segment there are contracts under the regulated environment (ACR) and bilateral agreements that call for the posting of guarantees.

Risk of under/overcontracting from distributors: risk inherent to the energy distribution business in the Brazilian market to which the distributors of the CPFL Group and all distributors in the market are exposed. Distributors are prevented from fully passing through the costs of their electric energy purchases in two situations: (i) volume of energy contracted above 105% of the energy demanded by consumers and (ii) level of contracts lower than 100% of such demanded energy. In the first case, the energy contracted above 105% is sold in the CCEE (Electric Energy Trading Chamber) and is not passed through to consumers, that is, in PLD (Spot price used to evaluate the energy traded in the spot market – “Preço de Liquidação de Diferenças”) scenarios lower than the purchase price of these contracts, there is a loss for the concession. In the second case, the distributors are required to purchase energy at the PLD amount at the CCEE and do not have guarantees of full pass-through to the consumer tariffs, there is a penalty for insufficiency of contractual guarantee. These situations may be mitigated if the distributors are entitled to exposures or involuntary surpluses.

Market risk of commercialization companies: this risk arises from the possibility of commercialization companies incurring financial losses due to variations in the prices that will value the positions of energy surplus and/or deficit of its portfolio in the free market, which are marked at the market price of electricity.

Risk of shortage of hydroelectric energy: The energy sold by the Company is mostly generated by hydro-power plants. Lack of rain for a long period may result in reduction of the water volume in plants' dams, which jeopardizes the recovery of its volume, and may result in losses due to an increase in costs for purchasing energy or in revenue reduction due to the implementation of extensive energy saving programs or the adoption of a new rationing program, as occurred in 2001.

Throughout 2023, the favorable hydrological scenario that occurred in 2022 continues, and the main reservoirs remain at comfortable levels.

Risk of acceleration of debts: the Company has borrowing agreements and debentures with restrictive covenants normally applicable to these types of transactions. These covenants are monitored and do not restrict the capacity to operate normally, if met at the contractual intervals or if prior agreement is obtained from the creditors for failure to meet the covenants.

Regulatory risk: The electric energy tariffs charged to captive consumers by the distribution subsidiaries are set by ANEEL, at intervals established in the concession agreements entered into with the Federal Government and in accordance with the periodic tariff review methodology established for the tariff cycle. Once the methodology has been ratified, ANEEL establishes tariffs to be charged by the distributor to the final consumers. In accordance with Law 8,987/1995, the tariffs set will ensure the economic and financial equilibrium of the concession agreement at the time of the tariff review, but could result in lower adjustments than expected by the electric energy distributors.

Financial instruments risk management

The Group maintains operating and financial policies and strategies to protect the liquidity, safety and profitability of their assets. Accordingly, control and follow-up procedures are in place as regards the transactions and balances of financial instruments, for the purpose of monitoring the risks and current rates in relation to market conditions. An assessment of this potential impact arising from the volatility of risk factors and their correlations is performed periodically to execute the decision making process and to comply with the risk management strategy, which may incorporate financial instruments, including derivatives.

Portfolios composed of these financial instruments are monitored monthly, allowing the monitoring of financial results and their impact on cash flow.

Risk management controls: In order to manage the risks inherent to the financial instruments and to monitor the procedures established by Management, the Group has a financial adviser contracted to perform and report the calculation of the mark-to-market, stress testing and duration of the instruments, in addition to using the Bloomberg software system to assist in this process, assessing the risks to which the Group is exposed. Historically, the financial instruments contracted by the Group supported by these tools have produced adequate risk mitigation results. It must be stressed that the Company and its subsidiaries routinely contract derivatives, always with the appropriate levels of approval, only in the event of exposure that Management regards as a risk. The Group does not enter into transactions involving speculative derivatives.

(34) FINANCIAL INSTRUMENTS

The main financial instruments, at fair value and/or the carrying amount is significantly different of the respective fair value, classified in accordance with the Group's accounting practices, are:

				Consolidated	
				December 31, 2023	
	Note	Category / Measurement	Level (*)	Carrying amount	Fair value
Assets					
Cash and cash equivalent	5	(a)	Level 1	4,435,186	4,435,186
Securities	6	(a)	Level 1	1,097,438	1,097,438
Derivatives	34	(a)	Level 2	679,249	679,249
Concession financial asset	11	(a)	Level 3	21,617,521	21,617,521
Total				27,829,394	27,829,394
Liabilities					
Borrowings - principal and interest	18	(b)	Level 2 (***)	6,939,013	6,944,516
Borrowings - principal and interest (**)	18	(a)	Level 2	6,572,363	6,572,363
Debentures - Principal and interest	19	(b)	Level 2 (***)	8,489,259	8,480,058
Debentures - Principal and interest (**)	19	(a)	Level 2	4,436,469	4,436,469
Derivatives	34	(a)	Level 2	556,840	556,840
Total				26,993,944	26,990,245

(*) Refers to the hierarchy for fair value measurement

(**) As a result of the initial designation of the financial liability, the consolidated balances recorded a loss of 350.573 in 2023 (loss of 281.394 in 2022)

(***) Only for disclosure purposes, in accordance with CPC 40 (R1) / IFRS 7

Key

Category / Measurement:

(a) - Measured at amortized cost

(b) - Measured at fair value

The classification of financial instruments at amortized cost or fair value through profit or loss is based on the portfolio business model and in the characteristics of expected cash flow for each instrument.

The financial instruments for which the carrying amounts approximate the fair values, due to their nature, at the end of the reporting year are:

- Financial assets: (i) consumers, concessionaires and licensees, (ii) leases, (iii) receivables – CDE, (iv) pledges, funds and restricted deposits, (v) services rendered to third parties, (vi) collection agreements, (vii) sector financial asset and (viii) intragroup loans;
- Financial liabilities: (i) suppliers, (ii) regulatory charges, (iii) use of public asset, (iv) consumers and concessionaires, (v) FNDCT/EPE/PROCEL, (vi) collection agreement, (vii) reversal fund, (viii) payables for business combination, (ix) tariff discounts – CDE and (x) sector financial liability and (xi) intragroup loans.

In addition, in 2023 there were no transfers between the fair value hierarchy levels.

a) Measurement of financial instruments

As mentioned in note 4, the fair value of a security corresponds to its maturity value (redemption value) adjusted to present value by the discount factor (relating to the maturity date of the security) obtained from the market interest curve, in Brazilian reais.

The three levels of the fair value hierarchy are:

Level 1: Quoted prices in an active market for identical instruments;

Level 2: Observable inputs other than quoted prices in an active market that are observable for the asset or liability, directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: Instruments whose relevant factors are not observable market inputs.

Pricing of forward and futures contracts is on the basis of future curves of the underlying assets. These curves are usually provided by the stock exchanges on which these assets are traded, or other market price providers. When price is not available for the intended maturity, it is obtained on the basis of interpolation between available maturities.

As the distribution subsidiaries have classified the respective financial assets of the concession as fair value through profit or loss, the factors relevant to the assessment at fair value are not publicly observable. Therefore, the classification of the fair value hierarchy is level 3.

The Company records in the consolidated, under "Investments in equity instruments", the 5.94% interest that the indirect subsidiary Paulista Lajeado Energia SA holds in the total capital of Investco S.A., of which 28,154,140 shares are common shares and 18,593,070 are preferred shares, not listed on the stock exchange. The main objective of its operations is to generate electricity that will be sold by the respective holders of the concession, the Company records the respective investment at its fair value, in accordance with CPC 48/IFRS 9.

b) Derivatives

The Group adopts a policy of using derivatives with the purpose of hedging (economic hedge) against the risks of fluctuations in exchange rates and interest rates, mostly comprising currency and interest rate swaps. The derivative transactions are entered into with first-tier banks and financial institutions with a local rating of at least AA- or B- global, rated by at least one of the S&P, Moody's or Fitch agencies, and in the case of more than 1, it is considered the lowest rating among them. For the years 2023 and 2022, Management has not identified that the derivative financial assets had a significant impairment using the criterion of expected losses.

The Group adopts the policy of offering financial guarantees for the obligations of its subsidiaries and joint ventures. On December 31, 2023 and December 31, 2022, the Company issued guarantees to certain financial institutions in relation to the lines of credit granted to its subsidiaries, as shown in notes 18 and 19.

The hedging instruments entered into by the Group are currency or interest rate swaps with no leverage component, margin call requirements or daily or periodic adjustments.

As a large part of the derivatives entered into by the subsidiaries have their terms fully aligned with the hedged debts, and in order to obtain more relevant and consistent accounting information through the recognition of income and expenses, these debts were designated for accounting recognition at fair value (notes 18 and 19). Other debts that have terms different from the derivatives contracted as a hedge continue to be recognized at amortized cost. Furthermore, the Group did not adopt hedge accounting for transactions with derivative instruments.

At December 31, 2023, the Group had the following swap transactions, all traded on the over-the-counter market:

Strategy	Fair Value (carrying amounts)			Values at cost, net ⁽¹⁾	Gain (loss) on fair value measurement	Currency/ debt index	Currency/ swap index	Maturity range	Notional
	Assets	Liabilities	Fair value,net						
Derivatives to hedge debts designated at fair value									
Exchange rate hedge									
Bank Loans - Law 4.131	82,375	(281,999)	(199,625)	(77,282)	(122,342)	US\$ + (SOFR 3 months + 0.87% to 0.99%) or (0.78% to 5.91%)	106.4% of the CDI or CDI + 0.55% to 1.29%	Feb/24 to Oct/33	4,271,878
Bank Loans - Law 4.131	41,965	(5,964)	36,001	57,358	(21,357)	Euro +0.70% to 4.22%	CDI + 0.83 to 1.10%	Feb/24 to Mar/25	501,324
Bank Loans - Law 4.131	-	(258,378)	(258,378)	(233,891)	(24,487)	Yen + (0.925% to 1.20%)	CDI + 1.40%	Feb/24 to Jul/26	1,461,000
	124,339	(546,341)	(422,001)	(253,816)	(168,185)				
Hedge variation price index									
Debenture	554,911	-	554,911	341,591	213,320	IPCA + 4.3% to 6.18%	104.3% to 111.07% of the CDI	Aug/24 to Oct/35	4,102,600
Bank Loans - Law 4.131	-	(10,499)	(10,499)	(4,784)	(5,715)	6.16% to 7.38%	CDI + 0.69% to 0.88%	Mar/24 to Jun/24	572,000
	554,911	(10,499)	544,412	336,806	207,606				
Subtotal debt hedge	679,249	(556,840)	122,410	82,990	39,420				
Total	679,249	(556,840)	122,410	82,990	39,420				
Current	88,315	(61,015)							
Non-current	590,935	(495,825)							

For further details on terms and information on debts and debentures, see notes 18 and 19

⁽¹⁾ The value at cost are the derivatives amount without the respective fair value measurement, while the notional refers to the balance of the debt and is reduced according to the respective amortization

Changes in derivatives are stated below:

	Consolidated		
	At December 31,2022	Monetary adjustment and exchange rate and fair value measurement	At December 31,2023
Derivatives			
To debts designated at fair value	668,320	(1,250,634)	82,990
Fair value measurement	(503,378)	542,798	39,420
Total	164,942	(707,836)	122,410
Assets - Current	201,698		88,315
Assets - Non-current	305,862		590,935
Liabilities - Current	(76,759)		(61,015)
Liabilities - Non-current	(265,858)		(495,825)

As mentioned above, certain subsidiaries elected to fair value measurement debts for which they have fully debt-related derivatives instruments (note 18 and 19).

The Group has recognized gains and losses on their derivatives. However, as these derivatives are used as a hedging instrument, these gains and losses minimized the impacts of fluctuations in exchange and interest rates on the hedged debts. For years ended at December 31, 2023 and 2022, the derivatives generated the following impacts on the consolidated profit or loss, recognized in the line item of finance costs on monetary adjustment and exchange rate changes and in the consolidated comprehensive income in the credit risk in the fair value measurement, the latter related to debts at fair value:

Hedged risk / transaction	Gain (Loss)		Gain (Loss) in Comprehensive Income	
	2023	2022	2023	2022
Interest rate variation	(87,565)	(80,295)	-	-
Fair Value Measurement	397,004	(107,149)	2,263	1,443
Exchange variation	(1,122,531)	(1,245,554)	-	-
Fair Value Measurement	116,801	(149,020)	3,213	2,941
Total	(696,291)	(1,582,017)	5,476	4,384

c) Concession financial assets

The distribution concessionaries classified the respective concession financial assets as fair value through profit or loss. The movements and respective gains (losses) in profit or loss for 2023 are R\$ 1,005,362 (R\$ 1,401,373 in 2022) and the main assumptions are described in note 11 and 26.

d) Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group uses derivatives to manage market risks.

e) Sensitivity analysis

The Group performed sensitivity analyses of the main risks to which their financial instruments (including derivatives) are exposed, mainly comprising changes in exchange and interest rates.

When the risk exposure is considered asset, the risk to be taken into account is a reduction in the pegged indexes, due to a consequent negative impact on the Group's profit or loss. Similarly, if the risk exposure is considered liability, the risk is of an increase in the pegged indexes and the consequent negative effect on the profit or loss. The Group therefore quantify the risks in terms of the net exposure of the variables (dollar, euro, iene, CDI, IGP-M, IPCA and TJLP), as shown below:

e.1) Exchange rates variation

Considering that the net exchange rate exposure at December 31, 2023 is maintained, the simulation of the effects by type of financial instrument for three different scenarios would be:

Consolidated					
			Income (expense)		
Instruments	Exposure (a)	Risk	Currency depreciation (b)	Currency appreciation of 25%(c)	Currency appreciation of 50%(c)
Financial liability instruments	(4,175,250)		(173,692)	913,543	2,000,779
Derivatives - Plain Vanilla Swap	4,238,455		176,322	(927,372)	(2,031,067)
	63,205	drop in the dollar	2,630	(13,829)	(30,288)
Financial liability instruments	(545,782)		(28,110)	115,363	258,836
Derivatives - Plain Vanilla Swap	551,510		28,405	(116,574)	(261,552)
	5,728	drop in the euro	295	(1,211)	(2,716)
Financial liability instruments	(1,276,652)		(119,640)	229,433	578,506
Derivatives - Plain Vanilla Swap	1,315,553		123,285	(236,424)	(596,134)
	38,901	drop in the yen	3,645	(6,991)	(17,628)
Total	107,834		6,570	(22,031)	(50,632)
Effects on the comprehensive income			-	-	-
Effects on the net profit			6,570	(22,031)	(50,632)

- (a) The exchange rate considered in December 31, 2023 was R\$ 4.84 for the dollar, R\$ 5.38 for the euro and R\$ 0.03 for the yen.
(b) According to exchange rates curves obtained from information available by B3 S.A. Brazil, Stock exchange, counter, with the exchange rate considered being R\$ 5.04, R\$ 5.66 and R\$ 0.04 and the exchange rate depreciation of 4,16%, 5,15% and 9,37% of dollar, euro and yen respectively in December 31, 2023.
(c) As required by CVM Instruction n. 475/2008, the percentage increases in the applied indices refers to the information available by B3 S.A. – Brazil, Stock exchange, counter.

Due to the net exchange rate exposure of the euro being a assets the risk is decrease in the dollar, euro and iene therefore the exchange rate is depreciated by 25% and 50% in relation to the probable exchange rate.

e.2) Interest rates variation

Assuming that the scenario of net exposure of the financial instruments indexed to floating interest rates at December 31, 2023 is maintained, the net finance cost for the next 12 months for each of the three scenarios defined, would be:

	Consolidated						
	Income (expense)						
Instruments	Exposure	Risk	Rate in the period	Likely scenario rate (a)	Likely scenario	Raising/Drop index by 25% (b)	Raising/Drop index by 50% (b)
Financial asset instruments	5,319,671				537,819	403,364	268,909
Financial liability instruments	(12,347,599)				(1,248,342)	(936,257)	(624,171)
Derivatives - Plain Vanilla Swap	(11,429,795)				(1,155,552)	(866,664)	(577,776)
Setorial financial assets and liabilities	(1,128,546)				(114,096)	(85,572)	(57,048)
	(19,586,269)	CDI/SELIC apprec.	11.65%	10.11%	(1,980,171)	(1,485,129)	(990,086)
Financial liability instruments	(195,475)				(10,595)	(13,243)	(15,892)
	(195,475)	IGP-M apprec.	-3.18%	5.42%	(10,595)	(13,243)	(15,892)
Financial liability instruments	(334,632)				(21,851)	(27,314)	(32,777)
	(334,632)	TJLP apprec.	6.84%	6.53%	(21,851)	(27,314)	(32,777)
Financial liability instruments	(10,375,397)				(362,101)	(271,576)	(181,051)
Derivatives - Plain Vanilla Swap	4,870,753				169,989	127,492	84,995
Financial instruments - assets	21,705,873				757,535	568,151	378,767
	16,201,229	drop in the IPCA	4.62%	3.49%	565,423	424,067	282,711
Total	(3,915,146)				(1,447,194)	(1,101,619)	(756,044)
Effects on the comprehensive income					48	35	24
Effects on the net profit					(1,447,242)	(1,101,654)	(756,068)

(a) The indexes considered in this analysis were obtained from information available in the market.

(b) In compliance with CVM Instruction 475/08, the percentage of raising index are applied to the likely scenario.

f) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from Consumers, Concessionaires and Licensees and financial instruments. Monthly, the risk is monitored and classified according to the current exposure, considering the limit approved by Management.

Impairment losses on financial assets recognized in profit or loss are presented in note 7.

Receivables and contract assets - Consumers, Concessionaries and Licensees

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, Management also considers the factors that may influence the credit risk of its customer base.

The Group uses a provision matrix to measure the expected credit losses of trade receivables according to the consumer class (Residential, Commercial, Rural, Public Power, Public Lighting, Public Services), other revenues and unbilled revenue, comprising mostly a large number of dispersed balances.

Loss rates are based on actual experience of credit loss verified in recent years. These rates reflect differences between economic conditions during the period over which the historical data have been collected, current conditions and the Group's view of future economic conditions over the expected lives of the receivables. Accordingly, "adjusted revenue" was calculated, reflecting the Group's perception of expected loss. Such "adjusted" revenue was allocated by consumption class (matrix) according to the interval currently used in the allowance guided by the regulatory parameters as follows:

Class	Days	Period
Residential	90	Revenue of 3 months prior to the current month
Commercial and other revenues	180	Revenue of 6 months prior to the current month
Industrial, rural, public power in general	360	Revenue of 12 months prior to the current month
Unbilled	-	Uses revenue of the same month

Therefore, based on the assumptions above, an "adjusted" ratio of the expected credit losses ("ECL") allowance for the month was calculated, which was determined dividing the "Actual ECL" allowance by the "adjusted revenue" for each month. Then, the ECL allowance is estimated monthly, considering the respective moving average for the months of the adjusted monthly ratios and applied to the actual revenue for the current month.

Based on this criterion, the ECL allowance percentage to be applied is changed monthly to the extent that the moving average is calculated. The methodology used by Management includes a percentage that is compliant with the IFRS rule described as expected credit losses, including in a single percentage the probability of loss, weighted by the expected loss and possible outcomes, that is, including probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

Macroeconomic factors

After studies developed by the Group to assess which variables present a correlation ratio with the actual amount of expected credit loss allowance, no other ratios or macroeconomic factors that would have material impacts or that had direct correlation with the default level were identified.

Cash, cash equivalents, marketable securities

The Group limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a credit rating of at least AA-.

The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. Management did not identify for the years 2023 and 2022 that the securities had a significantly change in credit risk.

Derivatives

The Group adopts a policy of using derivatives with the purpose of hedging (economic hedge) against the risks of fluctuations in exchange rates and interest rates, mostly comprising currency and interest rate swaps. Derivatives are contracted with first-tier banks and financial institutions with a rating of at least global AA- or B-, rated by at least one of the agencies, S&P, Moodys or Fitch, and in the case of more than one, it is considered the lowest rating among them (note 34.b). For 2023 and 2022, Management did not identify impairment of these derivative financial assets using the expected loss criterion.

g) Liquidity analysis

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of its financial liabilities. The table below sets out details of the contractual maturities of the financial liabilities as at December 31, 2023, taking into account principal and future interest, and is based on the undiscounted cash flow, considering the earliest date on which the Group has to settle their respective obligations.

December 31, 2023	Note	Consolidated						Total
		Less than 1 month	1-3 months	3 months to 1 year	1-3 years	4-5 years	More than 5 years	
Trade payables	17	3,092,503	344,522	255,464	178,540	2	218,880	4,089,910
Borrowings - principal and interest	18	72,387	1,766,384	2,899,463	6,650,098	3,893,436	914,459	16,196,227
Derivatives	34	-	27,312	33,703	495,825	-	-	556,840
Debentures - principal and interest	19	-	311,497	1,965,963	7,577,229	3,284,530	5,352,806	18,492,025
Regulatory charges		168,819	1,319	-	-	-	-	170,138
Use of public asset		2,010	4,433	17,681	48,248	104,228	18,875	195,475
Loans between affiliates, subsidiaries and controlling company	31	-	-	3,140,112	-	-	-	3,140,112
Other	23	59,174	546,776	69,802	3,423	613	77,758	757,544
Consumers and concessionaires		57,759	419,891	1,144	-	-	76,024	554,818
EPE / FNDCT / PROCEL (*)		1,272	57	67,375	-	-	-	68,703
Collections agreement		-	126,542	-	-	-	-	126,542
Reversal fund		143	286	1,283	3,423	613	1,734	7,481
Total		3,394,892	3,002,244	8,382,188	14,953,362	7,282,809	6,582,778	43,598,270

(35) NON-CASH TRANSACTIONS

	Consolidated	
	December 31, 2023	December 31, 2022
Transactions resulting from business combinations		
Contratual assets	-	17,565
Asset acquired in business combination	-	2,127,838
Intangible asset acquired in business combination, net of tax effects	-	109,104
Deferred tax in business combination	-	(52,795)
Other net assets acquired in business combination	-	(214,920)
	-	1,986,792
Consideration paid with acquired cash	-	147,351
Other transactions		
Interest capitalized	38,858	53,547
(Provision) reversal for socio environmental costs capitalized in property, plant and equipment	(15,186)	22,437

(36) COMMITMENTS

The Group's commitments as regards long-term energy purchase agreements and plant construction projects at December 31, 2023, were as follows:

Commitments at December 31, 2023	Duration	Consolidated				Total
		Less than 1 year	1-3 years	4-5 years	More than 5 years	
Energy purchase agreements (except Itaipu)	up to 21 years	13,334,005	24,220,217	12,995,941	5,679,654	56,229,817
Energy purchase from Itaipu	up to 23 years	2,071,135	4,745,079	2,711,947	1,997,762	11,525,923
Electricity network usage charge	up to 29 years	4,983,438	9,837,641	5,986,019	13,153,182	33,960,280
GSF renegotiation	up to 24 years	53,743	109,222	67,705	187,310	417,980
Works and constructions (distribution, transmission and generation segments)	up to 11 years	3,042,221	3,180,118	1,672,747	357,124	8,252,210
Total		23,484,542	42,092,277	23,434,359	21,375,032	110,386,210
Commitments at December 31, 2023	Duration	Joint Ventures				Total
		Less than 1 year	1-3 years	4-5 years	More than 5 years	
Power plant construction projects	Up to 3 years	12,740	6,698	-	-	19,438
Transmission and Distribution Charges	Up to 4 years	93,259	220,943	79,004	-	393,206
Renegotiation of Hydrological Risk	Up to 14 years	69,597	206,241	34,771	272,397	583,006
Suppliers of materials and services	Up to 1 years	9,241	-	-	-	9,241
		184,836	433,882	113,775	272,397	1,004,890

(37) EVENTS AFTER THE REPORTING PERIOD

37.1 Borrowings and Financing:

On February 14, 2024, at the subsidiary RGE, a financing related to Law 4,131, in the amount of R\$ 199,100 - (JPY 5,792,000.00) was released to reinforce working capital, at an interest rate of 0.52% p.a., with semiannual interest payments and amortization in August 2024.

BOARD OF DIRECTORS

Daobiao Chen

Chairman

Yuehui Pan

Zhao Yumeng

Gustavo Estrella

Antonio Kandir

Marcelo Amaral Moraes

Liu Yanli

Directors

EXECUTIVE BOARD

GUSTAVO ESTRELLA

Chief Executive Officer (CEO)

YUEHUI PAN

Chief Financial Officer (CFO) and of Investors Relations Officer

Futao Huang

Executive Vice President

Strategy, Innovation and Business Excellence Vice President

GUSTAVO PINTO GACHINEIRO

Legal and Institutional Relations Vice President

FLÁVIO HENRIQUE RIBEIRO

Business Management Vice President

LUIS HENRIQUE FERREIRA PINTO

Regulated Operations Vice President

KARIN REGINA LUCHESI

Market Operations Vice President

VITOR FAGALI

Business Development Vice President

ACCOUNTING DIVISION

SERGIO LUIS FELICE

Accounting Director

CT CRC 1SP192767/O-6

Independent auditor's report

To the Board of Directors and Stockholders
CPFL Energia S.A.

Opinion

We have audited the accompanying parent company financial statements of CPFL Energia S.A.

(the "Company"), which comprise the balance sheet as at December 31, 2023 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of CPFL Energia S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2023 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company and of the Company and its subsidiaries as at December 31, 2023, and the financial performance and the cash flows for the year then ended, as well as the consolidated financial performance and the cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Why it is a Key Audit Matter

How the matter was addressed in the audit

Measurement of transmission's contract assets and corresponding revenue from remuneration of contract assets (Notes 3.2 and 15)

Why it is a Key Audit Matter**How the matter was addressed in the audit**

The transmission companies' contract assets refer to the right to consideration as a result of fulfilling performance obligations related to the construction of energy transmission infrastructures under their respective concession contracts, and the operation and maintenance of these structures. The measurement of assets requires the exercise of judgment by management regarding the criteria for calculating and remunerating the asset.

Additionally, as these are long-term contracts, determining the discount rate, which represents the financial component embedded in the flow of future receipts, also requires the use of judgment by management to measure its present value, as well as in determining the expected profit margins for each identified performance obligation.

We consider this area as an audit focus, as the use of different assumptions could significantly modify the value of the asset measured by the Company.

Our audit procedures included, among others, understanding and evaluating the internal control environment related to the Contract Asset measurement process.

We read the concession contracts and respective amendments to identify performance obligations and understand the conditions agreed in the concession contracts, the prices and the defined deadlines.

We carried out a consistency test of the data reported on "Receita Anual Permitida" ("RAP") in the Company's auxiliary controls with the data contained in the transmission contracts.

Additionally, we evaluate the reasonableness of the main operational and financial assumptions used by management, including the determination of profit margins, applied discount rates and the logical and arithmetic coherence of cash flow projections.

We consider that the assumptions and criteria adopted by management are consistent with the disclosures in explanatory notes and the information obtained in our work.

Assessment of the recoverable amount of fixed assets (Note 14)

Why it is a Key Audit Matter	How the matter was addressed in the audit
<p>As of December 31, 2023, the Company and its subsidiaries have recorded in their consolidated financial statements the amounts of R\$ 10,135,751 thousand, referring to fixed assets, which refer, substantially, to investments in infrastructure made in connection with the public concession contracts. For these assets, the Company's management assesses, at the end of each reporting period, whether there is any indication that they may have suffered impairment. If there is an indication, the Company estimates its recoverable amount.</p>	<p>Relevant aspects of our audit response involved, among others, discussion with management about the approved and disclosed business plans.</p>
<p>In 2023, Management carried out an assessment of the recoverable amount of fixed assets due to the existence of indicators of impairment losses for certain CGUs. The recoverable amount was determined by management based on the estimated amount in use, calculated based on the income approach. Impairment losses were identified in the year ended December 31, 2023 in the order of R\$334,193 thousand.</p>	<p>We understand the management policies and the process of preparation and approval, by governance bodies, of cash flow projections, as well as analyzing the main assumptions used in the projections.</p>
<p>We consider the assessment of the recoverable amount of fixed assets as one of the main audit matters due to the magnitude of the balance and the complexity involved in recoverability analysis. The complexity arises from significant judgments regarding the estimation of future cash flows, which include assumptions that are affected by macroeconomic and market conditions, such as quantity of energy, contracted prices and discount rate. Variations in these judgments and assumptions may produce impacts significantly different from those determined by management in the financial statements.</p>	<p>With the support of our internal valuation specialists, we verify the logical and arithmetic coherence of cash flow projections for certain CGUs with indications of impairment, as well as testing the consistency of the information and main assumptions used in the projections such as quantity of energy, prices contracted and discount rate, through comparison with: (i) budgets approved by the Board of Directors, (ii) assumptions and market data, and (iii) projections used in previous years with subsequent effective results.</p>
	<p>We also carried out a sensitivity analysis of the projections, considering different intervals and scenarios, and reading the disclosures presented in the explanatory notes.</p>
	<p>As a result of the evidence obtained through the procedures summarized above, we consider that the criteria and assumptions used by the Company's management to determine the recoverable amount of fixed assets, as well as the disclosures made in explanatory notes, are consistent with the information and data obtained.</p>

Why it is a Key Audit Matter	How the matter was addressed in the audit
<p>Recognition of revenue from energy supplied but not billed (Notes 3.9 and 7)</p>	
<p>Electricity distribution revenue is recognized when the energy is supplied. The Company reads its customers' consumption based on a routine that depends on the timing and reading route. Consequently, part of the energy distributed is not billed at the end of each month, requiring management to estimate this amount, which on December 31, 2023 totaled R\$ 1,939,177 thousand.</p>	<p>Our audit approach considered, among others, the evaluation of the design, implementation and effectiveness of internal controls related to determining the amount of energy revenue distributed but not billed. We also involve our information technology specialists to evaluate the systems and computerized environment used to determine the recorded balances.</p>
<p>The recognition of unbilled revenue is determined based on historical data obtained, mainly through computerized system parameters, such as the volume of energy consumption of the distributor available in the month and the annualized index of technical and commercial losses.</p>	<p>In relation to transaction tests, we evaluated the data used to determine the estimate of unbilled revenue, specifically, the data on the total energy load received on the distributor's network, the load actually billed, segregated by type of consumer, and the indices of technical and commercial losses, aiming to determine the percentage of application in the portion of unbilled revenue, thus arriving at the net captive load by consumption class.</p>
<p>Due to the complexity of the data used and the judgments exercised by management in determining the annualized rate of technical and commercial losses, which could produce impacts significantly different from those determined by management, if they vary, we consider this matter significant for our audit.</p>	<p>We recalculate the amount of unbilled revenue using the net captive load by consumption class and tariffs defined by the regulatory body for each consumer class in their groups and modalities. We compared our recalculation with the amount determined by management.</p>
	<p>We also read the disclosures made in the financial statements.</p>
	<p>Based on the evidence obtained through the procedures summarized above, we consider that the criteria and assumptions adopted by the Company's Management to measure the estimated revenue from energy supplied, but not billed, are reasonable and consistent with data and information obtained.</p>

Measurement and classification of the concession's financial assets, contractual assets and distribution infrastructure operational (Notes 11, 15 and 16)

On December 31, 2023, the Company presents balances of concession financial assets, contractual and distribution infrastructure operational, in the amounts of R\$ 21,617,521 thousand, R\$ 2,572,134 thousand and R\$ 5,152. 429 thousand, respectively. These assets are related to investments made in the concession subject to compensation at the end of the granted service provision contract, the contractual right to receive cash from users for the construction services of the energy distribution system and the total acquisition and construction cost deducted from amortization accumulated, recognized in the financial statements in accordance with Technical Interpretation ICPC 01(R1) - Concession Contracts (IFRIC 12) and Revenue from Contracts with Customers CPC 47 (IFRS 15).

The recognition of these investments made between compensable financial assets, concession assets and intangible assets involves complexity and judgment on the part of Management, which may impact the measurement and classification of these assets in the financial statements.

This topic was considered one of the main audit matters due to the relevance of the amounts involved and the significant judgments in evaluating the allocation of investments between the concession's financial assets, contractual assets and distribution infrastructure operational.

Our audit procedures included, among others, the evaluation of the design and implementation of internal controls related to the contractual asset construction process, as well as internal controls related to the bifurcation between the concession's financial asset and distribution infrastructure operational at the time the asset begins its operation.

In addition to the control tests described above, we evaluated the bifurcation model adopted by Management, and tested the data and assumptions used in determining the estimate of the amount related to the unconditional right to receive certain monetary amounts regardless of the level of use of the concession infrastructure.

We carry out documentary inspection, on a sample basis, of the additions that occurred during the year, and recalculate the useful life of the assets.

We also tested the monetary update of the concession's financial assets, based on the indices provided for in the electricity sector regulations, comparing the indices used by the Administration with the official indicators published.

We tested the calculation of the amortization of distribution infrastructure operational, based on the terms of the current concession contract, and evaluated the disclosures on the subject in the financial statements.

Based on the evidence obtained through the procedures summarized above, we consider that the balances of the concession financial asset, contract asset and distribution infrastructure operational, as well as the related disclosures, are

Why it is a Key Audit Matter	How the matter was addressed in the audit
	reasonable and consistent with the data and the information received.

Other matters

Statements of Value Added

The parent company and consolidated Statements of Value Added for the year ended December 31, 2023, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS Accounting Standards purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these Statements of Value Added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.

Other information accompanying the parent company and consolidated financial statements and the auditor's report

The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) (currently described as "IFRS Accounting Standards" by the IFRS Foundation), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company and consolidated financial statements, management is responsible for assessing the ability of the Company and its subsidiaries, as a whole, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries, as a whole, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the parent company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries, as a whole, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries, as a whole, to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats to our independence or safeguards applied.²

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.⁶

Campinas, March 21, 2024

PricewaterhouseCoopers
Auditores Independentes Ltda.
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CRC 2SP000160/O-5

Adriano Formosinho Correia
Contador CRC1BA029904/O-

RELATÓRIO ANUAL DO
COMITÊ DE AUDITORIA

*ANNUAL REPORT OF THE
AUDIT COMMITTEE*



INTRODUÇÃO

Sempre em busca das melhores práticas de governança corporativa e em atendimento à regulação do Novo Mercado, o Conselho de Administração (“CA”) da CPFL Energia S.A. (“CPFL Energia” ou “Companhia”) conta com o Comitê de Auditoria (“CoA” ou “Comitê”), órgão permanente de atuação autônoma e independente que serve como consultor e assessor do CA da Companhia.

Sem a prerrogativa deliberativa, o CoA da CPFL Energia subsidia o CA com informações, opiniões e propostas para assegurar que os negócios e operações da Companhia sejam pautados por controles contábeis e financeiros íntegros e fidedignos, para garantir a qualidade das demonstrações financeiras, controles internos, gestão de riscos, *compliance*, auditoria interna e auditoria independente.

INTRODUCTION

Always seeking the best corporate governance practices and in compliance with Novo Mercado rules, the Board of Directors (“BoD”) of CPFL Energia S.A. (“CPFL Energia” or “Company”) has an Audit Committee (“CoA” or “Committee”), an autonomous and independent permanent body that acts as consultant and adviser to the Company's BoD.

Without deliberative prerogatives, CPFL Energia's CoA provides the BoD with information, opinion and proposals to ensure that the Company's businesses and operations are guided by solid and reliable accounting and financial controls, guaranteeing the quality of financial statements, internal controls, risk management, compliance, internal audit and independent audit.

O órgão é regido por um Regimento Interno próprio, disponível no site de Relação com Investidores da Companhia no link <https://cpfl.riweb.com.br/>.

The body is governed by its own Internal Regulation, available on the Company's Investor Relations website at the link <https://cpfl.riweb.com.br/>.

COMPOSIÇÃO DO COMITÊ

Observado o artigo 4º do seu Regimento Interno, o CoA é formado por 3 membros eleitos pelo Conselho de Administração da CPFL Energia, sendo 2 membros independentes do CA, 1 deles coordenador do CoA, e 1 terceiro membro que integrou anteriormente o Conselho Fiscal da CPFL Energia (abril de 2017 a abril de 2021). Todos os membros possuem reconhecida experiência em questões contábeis societárias, nos termos do regulamento aplicável da Comissão de Valores Mobiliários ("CVM"), e foram reeleitos pelo Conselho de Administração da CPFL Energia, em reunião realizada no dia 11 de maio de 2023, com mandato de 2 anos a partir da data de sua posse, nos termos do artigo 5 do Regimento Interno do CoA.

COMPOSITION OF THE COMMITTEE

According to article 4 of its Internal Regulations, the CoA is composed by 3 members elected by the Board of Directors of CPFL Energia, 2 of whom are independent members of the BoD, 1 of whom is the coordinator of the CoA, and 1 third member who was a member of the Fiscal Council of CPFL Energia (April 2017 to April 2021). All members have recognized experience in matters of corporate accounting, pursuant to the applicable regulations of the Brazilian Securities Commission ("CVM"), and were reelected by the Board of Directors of CPFL Energia at a meeting held on May 11th, 2023, with a 2 years mandate from the date of his investiture, pursuant to article 5 of the its Internal Regulations.

Nome <i>Name</i>	Função <i>Function</i>	Independente <i>Independent</i>	Membro desde <i>Member since</i>
Marcelo Amaral Moraes (membro Independente do CA) <i>(BoD Independent member)</i>	Coordenador <i>Coordinator</i>	Sim <i>Yes</i>	Outubro de 2021 <i>October 2021</i>
Antônio Kandir (membro Independente do CA) <i>(BoD Independent member)</i>	Membro <i>Member</i>	Sim <i>Yes</i>	Outubro de 2021 <i>October 2021</i>
Ricardo Florence dos Santos	Membro <i>Member</i>	Sim <i>Yes</i>	Outubro de 2021 <i>October 2021</i>

COMPETÊNCIAS DO COMITÊ

COMMITTEE COMPETENCIES

Ao CoA compete o assessoramento ao CA com temas relativos a(o):

- i) Contratação, substituição, destituição e remuneração dos auditores independentes;
- ii) Avaliação das informações trimestrais, demonstrações intermediárias e demonstrações financeiras;
- iii) Supervisionamento das atividades da auditoria interna e da área de controles internos;
- iv) Avaliação e monitoramento das exposições de risco e *compliance* da Companhia;
- v) Monitoramento e controle da qualidade das demonstrações financeiras, nos controles internos, no gerenciamento de riscos e *Compliance*;
- vi) Avaliação, monitoramento e recomendação da correção ou o aprimoramento das políticas internas;
- vii) Recepção e tratamento de informações acerca do descumprimento de dispositivos legais e normativos aplicáveis à Companhia, além de regulamentos e códigos internos.

Para o exercício de tais atribuições, o CoA mantém constante contato com as auditorias interna e independente da Companhia, servindo também como interface entre estas e o CA.

ATIVIDADES DO COMITÊ DE AUDITORIA

Nos termos do Artigo 10 de seu Regimento Interno, o Comitê reúne-se ordinariamente, no mínimo, a cada 3 meses, ou, extraordinariamente, quando necessário.

Nos gráficos a seguir é possível identificar a quantidade de reuniões ordinárias e

The CoA is responsible for advising the BoD with the following themes:

- i) Hiring, replacement, destitution, and compensation of independent auditors;
- ii) Evaluation of the quarterly information, intermediary statements, and financial statements;
- iii) Supervision of the activities of the internal audit and internal controls area;
- iv) Evaluation and monitoring of the Company's risk exposures and compliance;
- v) Monitoring and controlling the quality of the financial statements, internal controls, risk management and compliance;
- vi) Evaluating, monitoring, and recommending the correction or improvement of internal policies;
- vii) Receiving and processing information about the non-compliance with legal and regulatory provisions applicable to the Company, in addition to internal regulations and codes.

To exercise these attributions, CoA maintains constant contact with the Company's internal and independent auditors, also serving as an interface between them and the BoD.

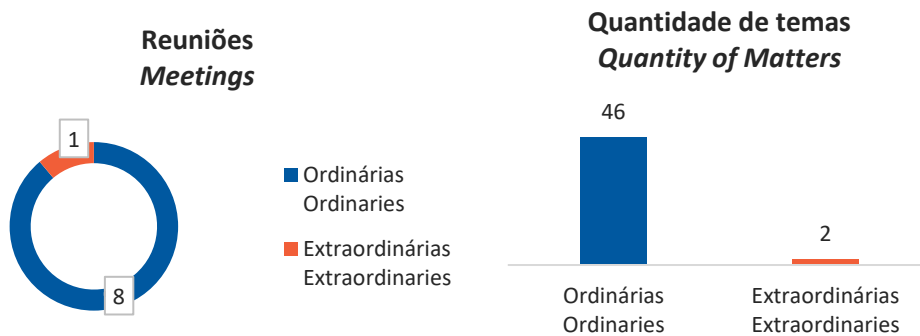
AUDIT COMMITTEE ACTIVITIES

Pursuant to article 10 of its Internal Regulations, the Committee meets ordinarily, at least, every 3 months, or, extraordinarily, when necessary.

In the graphs below, it is possible to identify the number of ordinary and extraordinary

extraordinárias realizadas durante o ano de 2023, e a quantidade de temas apresentados.

meetings held during the year 2023, and the number of topics presented.



Total de reuniões realizadas no ano: 9

Total de temas apresentados no ano: 48

Total meetings held in the year: 9

Total of matters presented in the year: 48

Durante o ano de 2023, contamos com 100% de presença dos membros em todas as reuniões.

During 2023, we had 100% of attendance of members at all meetings.

PRINCIPAIS TEMAS DISCUTIDOS PELO COMITÊ DE AUDITORIA EM 2023

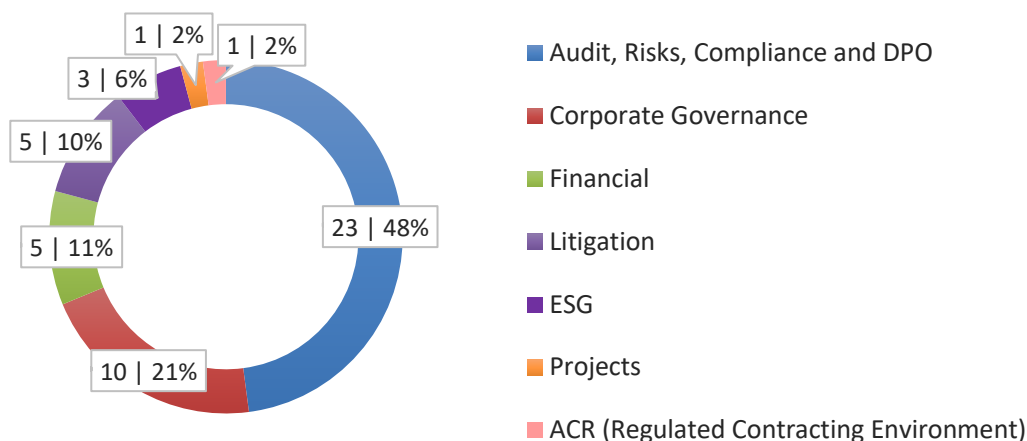
MAIN TOPICS DISCUSSED BY THE AUDIT COMMITTEE IN 2023

O CoA se reuniu com diretores da Companhia, auditores internos e auditores independentes para aprofundar e monitorar especialmente processos, controles internos, riscos e eventuais planos de melhoria, bem como para emitir suas recomendações ao CA, tendo sido este subsidiado pelo Comitê com informações, opiniões e propostas em 27 temas em 2023.

The CoA met with the Company's officers, internal auditors and independent auditors to deepen and monitor especially processes, internal controls, risks and possible improvement plans, as well as to issue its recommendations to the Board, which was subsidized by the Committee with information, opinions and proposals in 27 themes in 2023.

No gráfico a seguir é possível verificar, em termos percentuais e agrupado em macro temas, os referidos temas e as recomendações:

In the following graph, it is possible to verify, in percentage terms and grouped into macro themes, the aforementioned themes and recommendations:



AUDITORIA INTERNA, RISCOS, COMPLIANCE E DPO

As atividades de Auditoria Interna, Riscos, *Compliance* e *Data Protection* ("DPO") da Companhia são reportadas diretamente ao Comitê e ao CA, e estão estruturadas de forma a permitir a atuação eficiente para o atendimento dos seus objetivos.

Além de reuniões de discussão e acompanhamento das atividades, o CoA também apreciou medidas a serem eventualmente tomadas pela Administração, acompanhando-as ao longo da sua execução, a fim de fortalecer os sistemas de Auditoria Interna, Riscos, *Compliance* e DPO da Companhia.

AUDITORIA INDEPENDENTE

Desde 2022 a PricewaterhouseCoopers ("PwC") é o Auditor Independente da Companhia, sucedendo a KPMG Auditores Independentes Ltda. ("KPMG") (Auditores de 2017 até as demonstrações financeiras de 31 de dezembro de 2021).

O CoA acompanhou ativamente o exercício dos auditores na avaliação das demonstrações financeiras e relatórios corporativos integrados da Companhia e suas subsidiárias, com vistas a emitir relatório

INTERNAL AUDIT, RISKS, COMPLIANCE AND DPO

The Company's Internal Audit, Risks, Compliance and Data Protection ("DPO") activities are reported directly to the Committee and the to BoD and are structured in such a way as to allow efficient action to meet its objectives.

In addition to meetings to discuss and monitor activities, the CoA also considered measures to be eventually taken by Management, accompanying them throughout their execution, in order to strengthen the Internal Audit, Risks, Compliance and DPO systems of the Company.

INDEPENDENT AUDIT

Since 2022 PricewaterhouseCoopers ("PwC") is the Company's Independent Auditor, succeeding KPMG Auditores Independentes Ltda. ("KPMG") (Auditors from 2017 to December 31st, 2021, financial statements).

CoA actively monitored the exercise of the auditors in evaluating the Company's financial statements and integrated corporate reports and its subsidiaries, with a

contendo parecer sobre sua adesão as normas aplicáveis de auditoria, bem como pela revisão dos Informes Trimestrais ("ITRs") da Companhia, a serem enviados à CVM e disponibilizados ao mercado.

view to issuing a report containing an opinion on their adherence to the standards applicable to the planning and execution of audits, in accordance with recognized standards, as well as the review of the Company's Quarterly Reports ("ITRs"), to be forwarded to CVM and made available to the market.

AUTOAVALIAÇÃO DO COMITÊ DE AUDITORIA

Anualmente os membros do CoA realizam uma autoavaliação que tem por objetivo avaliar o desempenho do Comitê como órgão de Governança e a contribuição individual de cada um dos membros para o negócio. Por meio dessa dinâmica os membros buscam identificar oportunidades de melhoria de processos quanto aos temas avaliados pelo CoA.

Os resultados da autoavaliação são analisados pela Diretoria de Governança Corporativa e divulgados a todos os membros, tornando possível analisar a efetividade do órgão, permitindo cada vez mais o engajamento dos membros em um processo de melhorias, por meio da implementação de planos de ação e criação de uma cultura voltada para eficácia em suas análises e recomendações.

O resultado geral positivo da autoavaliação de 2023 demonstrou a efetividade e amadurecimento do órgão.

Annually, CoA members carry out a self-assessment, which aims to assess the Committee's performance as a Governance body and the individual contribution of each member to the business. Through this dynamic, members seek to identify opportunities for improving processes in relation to the topics evaluated by the CoA.

The results of the self-assessment are analyzed by the Corporate Governance Department and disclosed to all members, making it possible to analyze the effectiveness of the body, enabling a progressive engagement of the members in a process of improvements, through the implementation of action plans and creation of a culture focused on efficiency in its analyzes and recommendations. The overall positive result of the 2023 self-assessment demonstrated the effectiveness and maturity of the body.

PARECER DO COMITÊ DE AUDITORIA

Durante a condução dos trabalhos não foi identificado pelos membros do CoA nenhuma situação que pudesse afetar os negócios desenvolvidos pela CPFL Energia e suas subsidiárias.

AUDIT COMMITTEE'S REPORT

During the execution of the works, the members of the CoA did not identify any situation that could affect the businesses carried out by CPFL Energia and its subsidiaries.

Os membros do CoA, no exercício de suas atribuições e responsabilidades legais, conforme disposto no art. 7º de seu Regimento Interno, procederam a análise das demonstrações financeiras, acompanhadas do relatório dos auditores independentes e do relatório anual da administração relativos ao exercício social encerrado em 31 de dezembro de 2023 ("Demonstrações Financeiras Anuais de 2023").

Tendo em vista as informações prestadas pela Administração da Companhia e pela PwC, bem como as atividades desempenhadas e acompanhadas pelo Comitê de Auditoria durante o exercício social de 2023, os membros do CoA manifestam-se, por unanimidade, no sentido de que as Demonstrações Financeiras refletiram adequadamente, em todos os aspectos relevantes, a posição patrimonial e financeira da Companhia, de acordo com as práticas contábeis adotadas no Brasil e de acordo com as Normas Internacionais de Relatório Financeiro ("IRFS"), emitido pelo *International Accounting Standards Board* (IASB), e recomendam a aprovação pelo Conselho de Administração da Companhia.

Campinas, 20 de março de 2024.

The members of the CoA, in the exercise of their legal attributions and responsibilities, as provided for in article 7 of its Internal Regulations, analyzed the financial statements, accompanied by the independent auditors' report and the annual management report, referring to the fiscal year ended on December 31st, 2023 ("Annual Financial Statements of 2023").

In view of the information provided by the Company's Management and by PwC, as well as the activities developed and monitored by the Audit Committee during the 2023 fiscal year, the members of the CoA unanimously express the opinion that the Financial Statements adequately reflected, in all material aspects, the Company's equity and financial situation, in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards ("IRFS"), issued by the International Accounting Standards Board (IASB), and recommend approval by the Company's Board of Directors.

Campinas, March 20th, 2024

MARCELO AMARAL MORAES

Coordenador do Comitê de Auditoria e

Membro Independente do Conselho de Administração da CPFL Energia

Coordinator of the Audit Committee and

Independent Member of the Board of Directors of CPFL Energia

ANTÔNIO KANDIR

Membro do Comitê de Auditoria e

Membro Independente do Conselho de Administração da CPFL Energia

Member of the Audit Committee and

Independent Member of the Board of Directors of CPFL Energia

RICARDO FLORENCE DOS SANTOS

Membro do Comitê de Auditoria

Audit Committee Member

PARECER DO CONSELHO FISCAL

REPORT OF THE FISCAL COUNCIL

Os membros do Conselho Fiscal da CPFL Energia S.A., The members of the Fiscal Council of CPFL Energia no desempenho de suas atribuições legais e S.A., in performing their legal and statutory attributions, estatutárias, examinaram os documentos abaixo have examined the documents indicated below and are indicados e são da opinião que os referidos documentos of the opinion that these documents are authorized to estão em condição de serem apreciados e votados pela be analyzed and voted by the Annual and Extraordinary Assembleia Geral Ordinária e Extraordinária de Acionistas, General Shareholders' Meeting to be held on April 26th, a ser realizada em 26 de abril de 2024: 2024:

(i) aqueles relativos à Cisão Parcial da CPFL Geração de **(i)** those related to the Partial Spin-off of CPFL Geração Energia S.A., com a incorporação do acervo líquido de Energia S.A., with the merge of the demerged net cindido pela CPFL Energia, nos termos do art. 224 a 229 assets into CPFL Energia, pursuant to articles 224 to 229 da Lei 6.404/76; e of Law 6,404/76; and

(ii) o Relatório da Administração, as Demonstrações **(ii)** the Management Report, the Financial Statements Financeiras do Exercício Social de 2023, com os for the Fiscal Year of 2023, with the clarifications esclarecimentos prestados pelos executivos da provided by the Company's executives, and the Companhia, e o Relatório elaborado pelos auditores Report prepared by the independent auditors of independent da Price-WaterhouseCoopers Brasil PriceWaterhouse- Coopers Brasil Ltda. ("PwC"), Ltda. ("PwC"), sem ressalvas, que será datado de 21 de without reservations, which will be dated as March março de 2024. 21st, 2024.

Campinas, 20 de março de 2024.

Campinas, March 20th, 2024.

Ran Zhang

Vinicius Nishioka

Paulo Nóbrega Frade



DECLARAÇÃO	STATEMENT
<p>Em atendimento ao disposto nos incisos V e VI do artigo 25 da Instrução CVM nº 480, de 07 de dezembro de 2009, alterada pela Instrução CVM nº 586, de 8 de junho de 2017, o presidente e os diretores da CPFL Energia S.A., sociedade por ações de capital aberto, com sede na Rua Jorge de Figueiredo Corrêa, nº 1.632 – parte - Jardim Professora Tarcília – CEP: 13087-397, na Cidade de Campinas, Estado de São Paulo, inscrita no CNPJ sob nº 02.429.144/0001-93, declaram que:</p> <p>a) reviram, discutiram e concordam com as opiniões expressas no parecer da PwC Auditores Independentes, relativamente às demonstrações financeiras da CPFL Energia S.A. de 31 de dezembro de 2023;</p> <p>b) reviram, discutiram e concordam com as demonstrações financeiras da CPFL Energia S.A. de 31 de dezembro de 2023.</p> <p>Campinas, 21 de março de 2023.</p>	<p>In compliance with the provisions in items V and VI of article 25 of the Brazilian Securities & Exchange Commission (CVM) Instruction No. 480, of December 7, 2009, as amended by CVM Instruction No. 586, of June 8, 2017, the chief executive officers and the officers of CPFL Energia S.A., a publicly traded company, with its registered office at Rua Jorge de Figueiredo Corrêa, nº 1.632 – parte - Jardim Professora Tarcília – CEP: 13087-397, Campinas, Estado de São Paulo - Brazil, enrolled with the National Register of Legal Entities (CNPJ) under No. 02.429.144/0001-93, hereby stated that:</p> <p>a) they have reviewed and discussed, and agree with, the opinions expressed in the opinion of PwC Auditores Independentes on the financial statements of CPFL Energia S.A., of December 31, 2023;</p> <p>b) they have reviewed and discussed, and agree with, the financial statements of CPFL Energia S.A., of December 31, 2023.</p> <p>Campinas, March 21, 2023.</p>

Sergio Luis Felice
Diretor de Contabilidade
Chief Accounting Officer
CT CRC: 1SP192.767/O-6
CPF: 119.410.838-54

Yuehui Pan
Diretor Vice-Presidente
Financeiro e de Relações com
Investidores
Chief Financial and Investor
Relations Officer
CPF: 061.539.517-16

Gustavo Estrella
Diretor Presidente
Chief Executive Officer