

# 2022 Annual Report

ABRIDGED VERSION

**CPFL 110 YEARS, READY FOR 220.**



# Introduction

CPFL Energia is a Brazilian company, headquartered in the city of Campinas - São Paulo, which operates in all segments of the power sector, including **generation, transmission, distribution, commercialization and services**. We have a complete and increasingly diversified portfolio, guaranteeing the creation of value in our chain for customers, shareholders, employees and suppliers, in addition to **contributing to society's energy demands and its socioeconomic transformation**.

Currently, **we serve over 10.3 million people in Brazil** and we place customer satisfaction as one of the core pillars of our performance strategy. We are constantly investing in our portfolio's digitalization, automation and systematization to ensure **sustainable, safe and reliable access to energy**.

**CPFL Energia works so that its energy may improve the quality of life of all individuals and families it serves.**

The purpose of this publication is to inform all our stakeholders about the CPFL Group's performance, progress and information over the year 2022, **highlighting the Company's main initiatives in ESG (Environmental, Social, and Governance) aspects**.

Campinas - SP



Click [here](#) to access the full version of the 2022 Annual Report.

# Highlights from 2022



**Automation and modernization** of networks, with a drop in the number of outages



**R\$ 39.4 billion** net revenue and **R\$ 5.2 billion** net profit



**Over 1,000 courses** available in the CPFL University portfolio

**Over 23 million** people impacted by the Guardian of Life Program: safety is a non-negotiable value for CPFL Energia

Launch of the **2030 ESG Plan**

**First Diversity Week** held with the support of CPFL +Diversa affinity groups

**CPFL Group Commitments:** to be carbon neutral from 2025 and reduce 35% of our total GHG emissions by 2030



**Over 40 thousand** children and young people impacted by the CPFL Institute



Reformulation of Our way of being – **People at the heart**

**11,565** refurbished transformers and **312.5 ton** materials sent for **recycling**

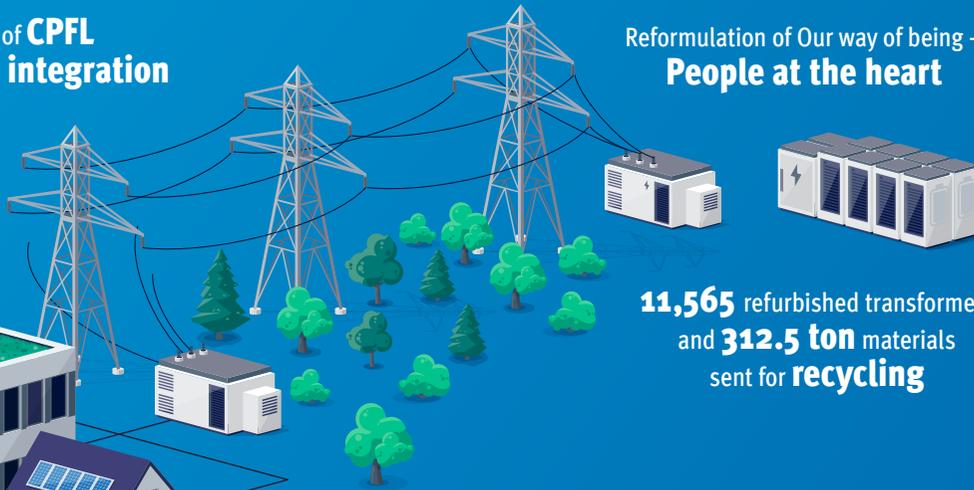


Improvement of R&D studies, focusing on **innovation and environmental management**



**100% of Indaiatuba – SP fleet** is made up of electric vehicles, with 16 charging stations

Completion of **CPFL Transmission integration**



**167 hospitals** impacted by the CPFL and RGE Program in Hospitals

**14,222 employees** trained in anti-corruption policies



**90%** of our services currently take place through digital channels, **improving the Customer Journey**



**Daobiao Chen**  
*Chairman of CPFL Energia's Board of Directors*



We work towards the business development in harmony with the best corporate sustainability practices and with the State Grid Corporation of China (SGCC) guidelines - controlling shareholder and the world's leading company in the power sector. Based on a broad exchange focused on business, excellence in operations and socio-environmental responsibility, SGCC strategically supports all segments and CPFL Group's operations."



**Gustavo Estrella**  
*Chief Executive Officer of CPFL Energia*



Advances in results and business excellence are the outcome of CPFL Energia's conduct in seeking an increasingly responsible and guided by the best corporate sustainability practices and the environmental, social and governance pillars. This is supported strategically by our controlling company - State Grid Corporation of China (SGCC) - which today is the world's leading company in the power sector, bringing great expertise to the CPFL Group."

# Strategy and ESG

CPFL Energia has a strategic structure that includes **actions to maximize our operational and economic-financial performance**, business excellence, best customer service, positive returns for shareholders and the society, professional development of our employees, as well as advances and **improvements of our ESG practices**.

For this reason, in November 2022, **we developed the 2030 ESG Plan**, together with our leadership and internal stakeholders. In order to further advance our sustainable agenda, envisaging best practices and initiatives, we established **23 commitments to be achieved** over the upcoming years, taking into

account a medium and long-term vision, as well as the results achieved so far.

It is worth mentioning that the strategy for this process was based on **CPFL Energia's excellence in executing the 2020-2024 Sustainability Plan**, whose commitments that have not yet been fully achieved were incorporated into the 2030 ESG Plan, so as to maintain a continuous performance.

The evolution and status of the **commitments of the new 2030 ESG Plan will be monitored, starting in 2023, periodically by the governance bodies**, including the Sustainability Committee, the Executive

Board, the Strategy, Growth, Innovation and ESG Committee and the Board of Directors, according to our Sustainability Management structure.

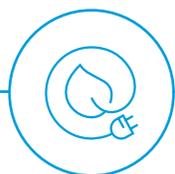
**The main challenges of the new ESG Plan are the greater coverage of ESG aspects and the long-term vision (2030) more aligned with the 2030 Agenda and the United Nations Sustainable Development Goals (SDGs).**

***"We have made swift progress with the commitments announced in the 2020-2024 Sustainability Plan, and we understand that it is time to accelerate our action on ESG themes. I am really happy we were able to approve ambitious measures, consistent with the CPFL Group's strategy."***

Rodolfo Sirol, Sustainability and Environment director at CPFL Energia.

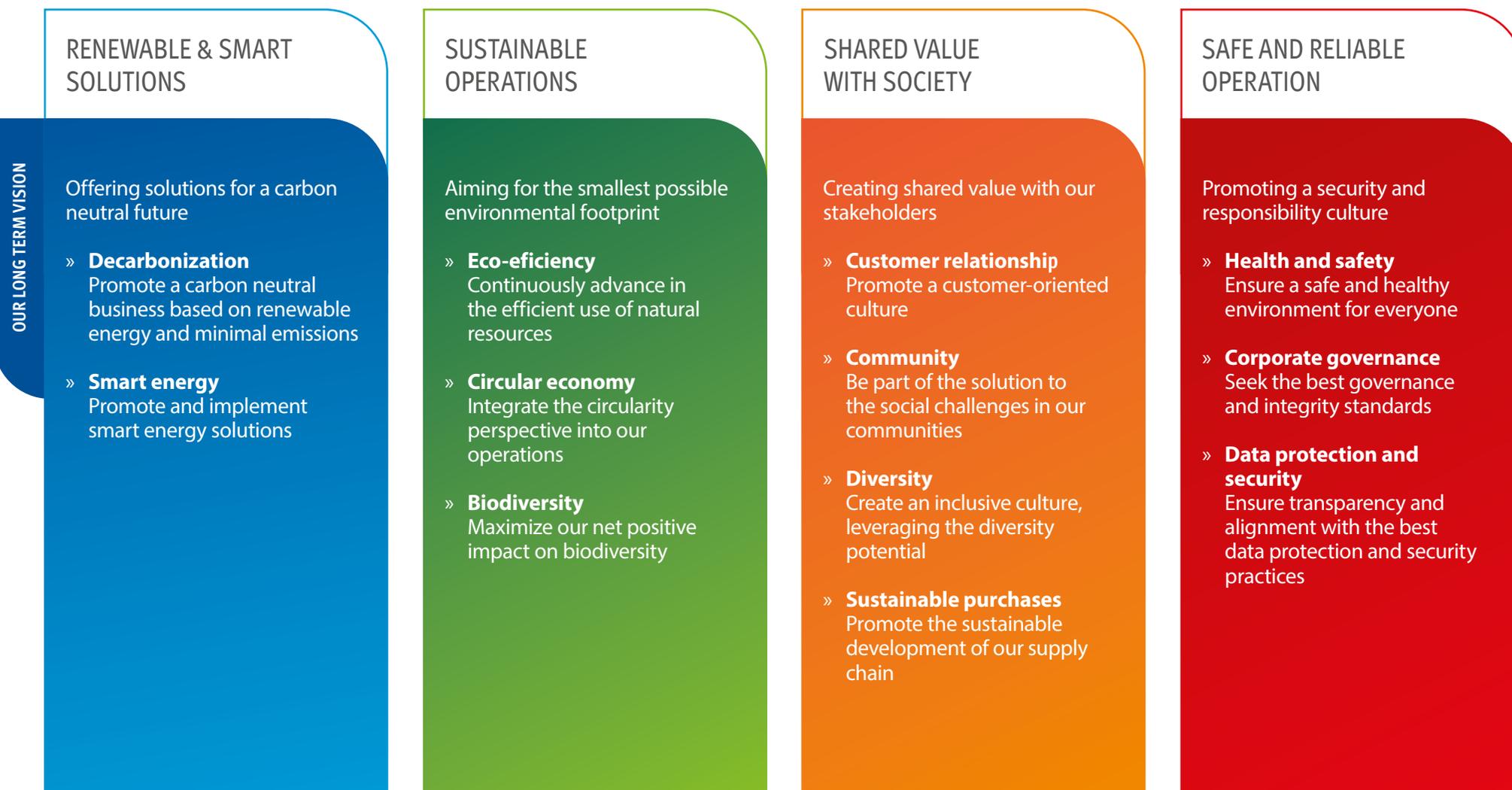


To check the completion status for each of the commitments of the 2020-2024 Sustainability Plan, access the full 2022 Annual Report [here](#).



# CPFL Energia's ESG Strategy – 2030 ESG PLAN

Drive the transition to a more sustainable, safe and intelligent way of producing and consuming energy, maximizing our positive impacts on society.



## RENEWABLE & SMART SOLUTIONS

1. Generate 100% renewable energy by 2030
2. Be carbon neutral from 2025<sup>1</sup>, reducing 35%<sup>2</sup> of scope 1, 2 and 3 emissions by 2030
3. Offer our customers with low-carbon solutions, with annual revenue targets from IRECs and carbon credits
4. Achieve at least 15% electrification of the Technical Operational Fleet in the state of São Paulo<sup>3</sup> by 2030
5. Invest at least R\$ 40MM in green hydrogen technologies by 2030
6. Achieve at least R\$ 560MM in investments in smart energy solutions by 2027

## SUSTAINABLE OPERATIONS

7. Consolidate CPFL's eco-efficiency management program, setting goals by 2024 to promote conscious energy and water consumption and reduce waste sent to landfills
8. Phase out single-use plastics in our administrative plants by 2025
9. Create the CPFL Biodiversity Policy by 2025, in order to maximize the benefits and value generated by our operations for the environment and society
10. Refurbish at least 70,000 power grid equipment<sup>5</sup> by 2030
11. Guarantee 100% of the main components of the network destined for recycling or reverse chain systems

## SHARED VALUE WITH SOCIETY

12. Invest at least R\$ 230MM in socio-environmental projects that maximize communities transformation by 2030
13. Invest R\$ 140MM in energy efficiency initiatives in public hospitals by 2025
14. Have 30% of women in leadership positions by 2030 and continuously work to increase diversity and representativeness
15. Evaluate 100% of critical suppliers on sustainability criteria<sup>6</sup> and reach at least 85% of our spend<sup>7</sup> with companies that have advanced sustainability practices by 2030
16. Maintain at least 90% of customer service through digital channels
17. Maintain at least 1 distributor among the top 3 in the IASC - ANEEL Consumer Satisfaction Index

## SAFE AND RELIABLE OPERATION

18. Strengthen the safety culture to reach zero fatalities, reduce the frequency and severity rate of accidents involving employees and service providers
19. Invest R\$ 50MM in projects to raise awareness and reduce risks<sup>8</sup> for the population by 2030
20. Promote a healthy work environment by raising awareness of mental well-being and establishing supportive actions for our employees
21. Guarantee 100% of employees<sup>9</sup> trained in the Integrity Program
22. Train 100% of administrative employees<sup>10</sup> in data protection and security
23. Continually seek best practices in accountability, transparency, equity and responsibility

<sup>1</sup> Neutralization in 2026 referring to the 2025 GHG Inventory. <sup>2</sup> Baseline for emission reduction: average scopes 1, 2 and 3 emissions from 2019 to 2021. <sup>3</sup> Distributors in the State of São Paulo. <sup>4</sup> Waste disposal at Headquarters Campinas, EA Jundiaí, Headquarters CPFL-T Porto Alegre, Headquarters RGE São Leopoldo, Former Headquarters RGE Caxias, CSC Indaiatuba, CPFL Serviços Rio Pardo. <sup>5</sup> Transformers, voltage regulators, reclosers. <sup>6</sup> As defined in SBM, critical for operation. <sup>7</sup> Distribuidoras+ CPFL Renováveis - the portfolios of other businesses will be evaluated and worked on in the period, it is not possible to propose a target now. <sup>8</sup> Guardian of Life and Safer Afforestation. <sup>9</sup> CPFL Energia, its subsidiaries and affiliates with the same management and governance model, in which CPFL Energia manages the administration. <sup>10</sup> Except for employees with a suspended employment contract either by agreement between the parties or by legal imposition, as established in the CLT.

# SAFE AND RELIABLE OPERATION

## Corporate governance

The CPFL Group has a **solid governance structure, which is in line with the best corporate practices in the market** involving the Company's ethics, sustainability and growth vision. We seek an environment of continuous interaction between shareholders, the Board of Directors (BoD), BoD Advisory Committees and Commissions, Fiscal Council and Executive Board.

All these bodies work under the premise of protecting and valuing the CPFL Group's assets, besides optimizing the return on shareholders' investment, creating value in the medium and long term, while **promoting a culture centered on our Mission, Vision and Values.**

**Our performance in governance has as its major objective to add value to stakeholders in a sustainable, transparent, isonomic, and responsible way, considering the economic, social, and environmental reality in which our business is inserted.**

## Privacy and data protection

**The commitment to data security and personal information of customers, employees and other stakeholders has always been present in CPFL Group's relationships and business.**

The entry into force of the Brazilian General Data Protection Law (Lei Geral de Proteção de Dados, LGPD) strengthened this responsible performance of CPFL Group with the **structuring of the Governance and Data Protection Program**, effective from 2021. This is considered a guide to ensure legal compliance and **ensure legitimate, ethical and responsible data**

**processing**, with no abusive or illegal discrimination, respecting the individuals' fundamental rights and guarantees.

Moreover, we believe that the LGPD requires the integration of a new culture inside and outside the Company, and therefore **we work with internal and external acculturation actions.** We aim to increase the maturity of our employees and partners with regard to new legal and regulatory requirements through **mandatory training**, workshops, advertising, lectures and courses related to privacy and data security.

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

### ISO/IEC 27001: 2013

CPFL Energia is certified by Bureau Veritas Certification for its Datacenter Information Security Management System, which includes control, operation, monitoring and infrastructure maintenance.

# Health and Safety

## For us, safety comes first.

As a non-negotiable value for CPFL Energia's operations, in line with the prerogatives of our major shareholder, State Grid, we are committed to **ensuring the physical safety and mental well-being of all our employees, outsourced workers, suppliers, customers and the community.**

It is not a coincidence **that 2022 was the year in which we invested the most in safety**, considering our entire trajectory, with a focus on structuring dams at generation plants and, in distribution, on reforming equipment, network automation and security, installation of automatic reclosers and remote-controlled switches.

The Company is supported by the **Health and Safety Management System (SGSS)**, which in turn is responsible for the procedures for identifying and assessing risks in the various activities carried out by our teams.

We also have a number of internal programs and projects aimed at establishing and continuing this value. Check them out below:

- **Guardião da Vida Program (Life Guardian):** from guardian to guardian, information can save lives;
- **Safety Committees:** Safety Committee and Operational Safety Committee;
- **Sinto Segurança (“Feel Safe”):** learning safe behavior through experience;
- **Safety Integration:** raising awareness about potential risks and key prevention measures in the activities of male and female employees;
- **SIPAT:** carrying out Internal Work Accident Prevention Week (SIPAT);
- **Arborização + Segura (“Safer Afforestation”):** afforestation in harmony with the urban environment, which contributes to greater safety for the population and the power grid, from orderly growth and a risk prevention culture;
- **Mente em Foco (“Mind in Focus”):** joining the Global Compact Network Brazil movement.



To learn the details and impacts of each of these programs, access the full 2022 Annual Report [here](#).

# Renewable And Smart Solutions

## Climate change

Strengthening our strategy in mitigating the negative impacts arising from climate change, in the 2030 ESG Plan, we made a commitment **to be neutral carbon from 2025, compensating for all our emissions (Scopes 1, 2 and 3). By 2030, we will generate 100% renewable energy and still reduce our total emissions by 35%.**

Considering new guidelines promoted by the 2030 ESG Plan, we updated the publication **“Our Journey against Climate Change”**. It addresses the evolution of the management model and climate change mitigation and adaptation practices, aiming to give even more transparency to **CPFL Energia positioning facing the transition to a low carbon economy.**

Read the document [here](#).

**96%**

of CPFL Energia's portfolio in generation comes from renewable sources

We must reinforce that **the basis of our strategy on the subject is the management of greenhouse gas emissions (GHG) by CPFL Energia.** For this reason, we annually prepare our GHG Inventory in accordance with the guidelines of the **Brazilian GHG Protocol Program.** The data can be consulted in detail at the [website](#).

**Since 2011, CPFL Energia has been awarded the Gold Seal for its GHG Inventory, along with the GHG Protocol, due to good reporting and management practices in terms of emissions.**

### Emissions by scope

	2022	2021	2020
Scope 1	127.54	607.30	308.30
Scope 2	250.06	592.40	290.70
Scope 3	314.04	424.50	13.20
Biogenic CO <sub>2</sub> emissions (tCO <sub>2</sub> equivalent)	3,710.24	3,661.20	5,568.10

## Continuous innovation

In CPFL Group, **we are driven by continuous innovation.** We use the best of the disruptive mindset and technology to promote an increasingly **positive transformation within the power sector.** All our initiatives aim to develop the improvement of our portfolio and services in line with the best environmental and social sustainability practices.

We work based on **telemetering, network automation, research & development, in addition to CPFL Inova** - our internal open innovation program, which seeks to expedite startups from disruptive innovation projects.

**Since the launch of CPFL Inova, about R\$ 14 million have already been invested, with the participation of over 50 companies around the country.**

# Sustainable Operations

## Eco-efficiency and circular economy

One of the main goals in CPFL Energia's environmental performance is to consolidate an eco-efficiency management program, aiming to **promote aware consumption of energy and water, in addition to reducing the sending of domestic waste to landfills.**

As far as our water management is concerned, this is mainly for **human consumption, general cleaning and gardening.** The water supply for the Company's distribution facilities and administrative buildings is provided by basic sanitation companies in the municipalities where it operates. In the **water generation plants** (HPPs, SHPPs and HGPs), there is no surface water consumption for operational purposes since the quality of the water resource is not altered. The **dams associated with the projects allow the natural flow of rivers** after power generation, guaranteeing the flow set forth in the granting document.

As for waste management, we consider this a highly relevant theme, particularly in the distribution

segment. Within this context, we operate guided by the **circular economy** concepts, aiming at **reducing the number of discarded materials** while expanding **solutions for equipment reuse** - transformers' reverse chain - **and waste recycling.**

In 2022, we reached **11,565 transformers renovated**, which translates into a **gross revenue of R\$ 15.14 million** and over **298 direct jobs** generated. Regarding the waste disposal, we attained a total of **312.5 tons recycled in the period.**

## Biodiversity

Managing biodiversity issue is of paramount importance to CPFL Energia, as we work by establishing processes for obtaining prior licenses for new assets in the generation, distribution and transmission segments.

Thus, as a **way to repair and mitigate the negative impacts of the reduction of local biodiversity in the medium and long term**, we have a commitment to **restore the forest** by means of compensatory planting of native tree species, **operations to curtail**

**the reduction of vegetation cover**, loss of habitats for fauna, interference in third party properties, change in land use, as well as the **maintenance of the entire area until the ecological processes can ensure its succession with no human intervention.**

To this end, all the initiatives and investment decisions concerning the theme are anchored on three major pillars, aiming at the achievement of the goals and objectives. They are: (1) **Value Protection;** (2) **Optimization;** and (3) **Shared Value Generation.**

CPFL Energia monitors all impacts on the local biodiversity of its assets during the operation phase, with regular reports to environmental agencies, being close to conservation units.

# Society Shared Value

## Focus on the customer

Over the last few years, the focus on the customer has increasingly gained the attention of our leaders and board of directors, considering that CPFL Energia's main objective is to **guarantee a journey of greater autonomy and excellence for consumers** in relation to access to energy, services and products we propose to deliver.

Among our main advances in 2022, we saw a significant increase in the **digitalization** process, aiming for greater speed in communication with the client, as well as faster problem resolution. This structure was only possible thanks to the improvement in **Data Analytics** operations, which estimate the duration and efficiency of our operation, as well as measuring the approval rate of each type of customer service.

**By the end of 2022, CPFL Energia already had 90% of its services carried out through digital channels, with an investment of more than R\$ 50 million in the period.**

## Our People

**CPFL Group believes it is the differences that make us unique, expanding our ability as individuals and our potential as a company.**

Our people are a fundamental part of everything we do. For this reason, our internal people management teams work daily in order to **generate opportunities for the professional development of each employee of the Company, always based on the best management practices, with a focus on diversity, equity and inclusion.**

Among the Company's fronts to ensure the existence and continuity of this structure, we count on **Recruitment and Selection, the Career Development and Acceleration Programs, the CPFL University and the CPFL +Diversa (More Diverse) Program**, which operates from our five affinity groups.

Furthermore, it is worth mentioning that in 2022 we launched the CPFL Group's official commitment to

**Human Rights** through a document that reasserts our responsibilities and public positioning on the subject, in the various fields in which the Company operates.

***“Pride is the word that defines our advances in 2022 on our journey in diversity, equity and inclusion! Collaboration between affinity groups, expert areas and leaders to create opportunities and implement improvements in our processes reinforce our commitment to the theme. We recognize our challenges and go together to build an increasingly diverse and more inclusive CPFL!”***

**Emilene Esbrisse**, specialist in Diversity, Equity and Inclusion at CPFL Energia.



To read the document in full, click [here](#).



# Community relationships

CPFL Group operates, with the strategic support of the State Grid Corporation of China, **to generate and share value with all its stakeholders**, whether they are customers, shareholders, employees, suppliers or the local communities in the regions where we operate.

A major highlight of the period on this front was the water desalination system delivered to the indigenous communities of João Câmara - RN, together with State

Grid. The project's main objective is to promote access to water for human consumption and production.

In 2022, we acted through the **CPFL Institute**, which **impacted a total of 719 thousand** people through its five action fronts. We also witnessed important advances from the Energy Efficiency Program, which benefits low-income customers in our distributors' concession areas, especially with the projects developed in hospitals, that is, the **CPFL and RGE in Hospitals**.

We also contribute directly to the **socioeconomic development of local communities** in the regions where our generation projects are located, such as the Small Hydroelectric Plant (PCH) Cherobim and the hydroelectric plants Foz do Chapecó, Ceran, Baesa and Enercan and the Hydroelectric Power Plants (HPPs) Foz do Chapecó, Ceran Complex (14 de Julho, Monte Claro) and Barra Grande and Campos Novos.

# Sustainable purchases

We have a **supplier management with structural and robust practices**, aligned to the corporate sustainability pillars. Based on this structure, **our business's critical and strategic suppliers are monitored monthly through the Supply Base Management (SBM) tool**, from the monitoring of indicators and technical performance, legal, documentary, safety, financial, ethics and sustainability criteria.

In addition, **part of our partners also receives annual audits** under our Integrated Management System (SGI), depending on their level of criticality for our performance. We consult, in an automated

way, the public certificates of the companies that wish to work with us, including information about **labor aspects, embargoes or notifications from IBAMA, and also if there are identified cases of association to slave or analogous to slave labor**.

Finally, we seek to work continuously with our partners to **encourage and drive their development in technical aspects and issues related to themes such as safety, ethics and sustainability**. Rede de Valor is our main platform in this regard, and in addition to it, we also work with individual meetings with our partners to support the improvement of their practices.



To get to know the details and impacts of each of these initiatives, access the full 2022 Annual Report [here](#).

## Créditos

### COORDINATION

- » CPFL Energia
- » Environment and Sustainability Director
- » Corporate Communication Director

### EDITORIAL PROJECT: WRITING, CONSULTING AND TRANSLATION

- » Ricca Sustentabilidade

### GRAPHIC DESIGN, LAYOUT, DIAGRAMMING AND ILLUSTRATIONS

- » Ricca Sustentabilidade

