

2020 Annual Report



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Message from Chairman

RETROSPECT OF 2020

The year of 2020, will definitely be an unforgettable year in our memory. The sudden Covid-19 pandemic has caused a huge impact to the whole world, people's work and life, as well as business expansion have been greatly affected. Facing the challenging situation, CPFL Energia kept focusing on its strategic plan and took decisive actions with accurate judgment and full-scale deployment. The Year of Safety campaign has been launched with the purpose of strengthening safety awareness and intensifying safety supervision, which comprehensively improved the safety management of CPFL Group. Tremendous efforts made by the company resulted in significant business performance despite the negative effects of the pandemic. The company has been moving towards the goal of becoming a leading power company in Brazil and Latin America while its enterprise value and market value have been promoted continuously.

On control of Covid-19 infection.

Facing the severe situation of pandemic in Brazil, the company reinforced employees' safety and health as priority. The Crisis Committee, composed of senior executives, took measures such as holding regular meetings to monitor and guide the early surveillance and preparation, executing on-time confirmation and immediate action, and requiring daily zero-report at different levels. The nucleic acid test at a regular basis and rigorous control of cluster infection as well as redundancy measures have been applied based on experiences shared by State Grid Corporation of China (SGCC). The donation to combating Covid-19 in hospitals both from CPFL and SGCC have been recognized greatly by all walks of life.

On operational efficiency and results.

CPFL used all ways and means to deal with the stern challenges brought by the serious pandemic situation to the power grid, and achieved good results of the regulatory index SAIDI and SAIFI which were 7.65 hours and 4.53 times per year and per client respectively, marking the best record in history. The integration of conventional generation and renewable energy business was successfully completed, and the conventional generation delivered the yearly availability of 98.62% while keeping the front-runner in Brazilian

power sector. The availability of wind farms which are having in-house operation and maintenance increased significantly to 93.2%. On December 18th, 645 wind turbines of CPFL Renováveis were fully available for operating, achieving for the first time 100% of availability index, a historical record since its establishment in 2011. CPFL Soluções is among the four largest players in Brazil in sales in the free market to the final consumer and it is the largest player in incentivized energy sales.

By optimizing CAPEX and OPEX, capturing the right windows of financing deal, enhancing grid and equipment operation efficiency, and other actions, the company has achieved remarkable operational results, with an increase of 34.9% in net income.

On Corporate Culture Inclusion Program.

CPFL Energia is a famous Brazilian private power enterprise with a centenary history, which owns distinct characteristics in corporate culture and business development. As the world's largest public utility, SGCC ranked the 3rd on Fortune Global 500 in 2020. It has successfully acquired and operated power assets in 10 oversea countries, with rich experience in culture diversity. SGCC is firmly promoting the strategy of building a world-leading energy interconnected company with Chinese characteristics. While inheriting its own culture, CPFL Group has combined advanced international methodologies, Brazilian best practices as well

SDGS ACHIEVED





As State Grid mature managerial and technical experiences and created an inclusive corporate culture framework that meets the requirements of high-quality development in the new era. The detailed work plan and specific deployment from 2020 to 2025 has been comprehensively formulated with joint efforts and wisdom of the Chinese-Brazilian team, resulting in wide response and contributions in optimizing the plan from all function groups, by establishing a practical inclusive corporate culture plan that matches short and long term needs of the company.

Perspective of development

As the novel coronavirus pandemic has not been eradicated yet, obviously economic growth of Brazil in 2021 will still be challenging. But we are confident that being the largest economy in South America, the Brazilian people will overcome the difficulties brought by the pandemic. Regarding economic climate, the continuous urbanization and subsequent commercialization may make electricity consumption increase gradually, but the weather condition, rainfall and wind resource may be out of prediction, which can affect output of power generation in uncertain perspective.

Nowadays, energy transformation is evolving at fast pace globally, innovative and disruptive production and solution

have been created widely. In the face of global climate change, how to achieve innovated development and fulfill social responsibilities are also the new challenge in front of us.

As a public utility enterprise, we need to further innovate in service quality, improve the safety and stability of power generation and supply, accelerate the high-quality development of CPFL and contribute to the social and economic development of whole society.

Following growth trajectory of the company, talents are the fundamental driving force in business development. We advocate market-oriented selection and intensified training to foster strong talent team, optimizing performance assessment mechanism, expanding the scale and scope of exchange between State Grid and CPFL in terms of management, technology, and service improvement, by establishing the talent pool composed of highly capable and innovative professionals, with excellent personal qualities.

Prospect of 2021

In 2021 CPFL is committed to realize both corporate and shareholder value as the strategic goal. By focusing on sustainable development and following the strategic plan, the company will further foster its core competence, the advancement of

corporate culture inclusion, together with the reinforcement of risk control, and continuously improve the quality and efficiency of business development while promote the brand image and influence in the Brazilian power sector.

Strengthen core competence. The company will emphasize innovation and implement digitalization programs, such as digital marketing service, management systems, and grid operation, so as to promote quality of power supply and customer service. As generation and transmission business are becoming more important in the company, we will improve the operational efficiency of renewable energy assets and seek the potential return of conventional generation segment as well as expansion of transmission business. Market-oriented business will be fortified by strengthening its competitiveness and market analysis. Great importance will also be attached to the company's market value increase, standardization of information disclosure and regular communication with all investors and shareholders, while the corporate brand can be promoted in parallel.

Reinforce risk control. In the post-pandemic era, it is clear that the uncertainty, complexity and durability of impact will affect our work and life. We need to establish an effective working mechanism, while resolutely overcoming fluke mind and paralysis sense, and make sure that the steadfast advancement of company operation, business

development and customer service can be performed. The Company will carry out a series of activities related to extensive safety control and expansion of safety culture, aiming at increasing the safety awareness and preventive capacity of all employees while adhering to the people-oriented principle, creating the safe and sustainable environment for the company.

Foster Corporate Culture Inclusion.

With the preliminary accomplishment of Corporate Culture Inclusion Program implemented in 2020, we will study the experience on what we have acquired and what we have not achieved, and continue to work on the plan. Taking “three foundations” (Asset Quality, Employee Competence and Stakeholders’ Recognition) and “five pillars” (Safety Culture, Governance and Management Culture, Compliance Culture, Innovation Culture and Sustainability Culture) as the main missions continuously, we believe that the Company will obtain a greater momentum in attaining business prosperity.

Pursue sustainable development. Currently in the whole world, sustainable development is set for all stakeholders to meet their best interests and cooperate with each other. We are doing our best to practice sustainable development with firm determination based on the company’s Sustainability Plan, by meeting the UN’s Sustainable Development Goals (SDG) while contributing to a harmonious climate among the company, the power sector and the communities. CPFL will intensify its efforts in fulfilling social responsibility with constant dedication on the programs such as CPFL in Hospitals, Café Filosófico, CPFL Young Generation and other branding programs, which can contribute to the economic development and civilian life, and also promote corporate value comprehensively.

Last but not the least, on behalf of the Board of Directors of CPFL, I would like to extend my gratitude to the management team and all employees who have been contributing their utmost effort in transforming the company. And I sincerely acknowledge the people from communities who have helped us in our business growth. In 2021 SGCC will keep supporting CPFL in its business expansion, despite the uncertainties ahead. No matter how complicated the situation will be, we are confident of striving for the progress together, handling the unforeseen challenges, and continuously boosting the capacity of operation and level of service, as well as high-quality development of CPFL group.

Wen Bo

Chairman of Board Directors of CPFL Energia S.A.



Wen Bo, Chairman of Board
Directors of CPFL Energia S.A.

Message from the CEO

GRI 102-14

2020 will go down in history because of the Coronavirus pandemic. Beset by uncertainties, we spared no efforts to ensure the health and safety of our employees and the stakeholder groups with whom we relate, to preserve our activities, an essential service for the public, as well as preserving the liquidity and financial health of the company.

We activated our Crisis Committee, comprising senior management, whose daily engagement was fundamental for the assessment of the criticality of the crisis in real time and for agile and effective decision making about the effect of the pandemic on our employees and our businesses. For example, it was the committee's decision to migrate more than 4,000 employees from our team to remote working and to develop a health and safety plan with specific measures to maintain more than 9,000 employees in the field, ensuring power supplies for our clients.

Speaking of our clients, their experience with CPFL Energia continues to be one of our major priorities and a focus area of action in 2020. We invested extensively in digital capabilities including WhatsApp-based customer service, artificial intelligence and robotization for document validation. Clients can now access 90 services online and using self-service kiosks. This has not only made life easier for users, but has also helped to prevent

crowding at our service offices. We added 1 million clients to our digital utility billing program, for a total of 3.5 million registered users. We also introduced new payment methods including credit cards, PicPay and *coronavouchers*, and new payment installment options. In addition, CPFL Energia undertook a massive effort to encourage low-income clients to opt in to the Brazilian Federal Government's Social Rate Program, increasing the number of beneficiaries by 40%.

In spite of the challenges imposed by the pandemic, we maintained our investment plan totaling R\$ 2,808 million in the period, to guarantee the expansion, reliability and safety of services for our clients. We also continued to implement structuring, innovation, digital transformation and distribution automation programs and projects during the year, such as our Advanced Distribution Management System (ADMS) platform—which has an extensive database and supports agile management of utility assets—and smart solutions including telemetry and field-crew digitization. In generation, we maintained investments in and the schedule of construction of the Cherobim small hydropower plant (SHPP) in Paraná, and the Gameleiras wind farm in Rio Grande do Norte.



In spite of the challenges imposed by the pandemic, we maintained our investment plan totaling R\$ 2,808 million in the period, to guarantee the expansion, reliability and safety of services for our clients

Our results of operations were affected by the pandemic, but are already showing initial signs of a recovery as we approach the end of 2020—including increased consumption of electricity and lower interest rates in Brazil. Our ability to adapt internal processes and cash management have enabled us to maintain our business continuity and operations. We had a net income of R\$ 3,707 million and EBITDA of R\$ 6,780 million, respective increases of 34.9% and 6.0% compared with 2019.

The pandemic also provided an opportunity to reaffirm our commitment to sustainable development more broadly, across the environmental, economic and social dimensions. After the follow on public offering in 2019, we were re-listed on the B3 Corporate Sustainability Index (ISE) in 2020/21. We also put our 2020-2024 Sustainability Plan, developed the previous year, into practice, anticipating trends related to ESG (environmental, social and governance) aspects. The Plan—a set of 15 public commitments linked to our three pillars of Sustainable Energy, Smart Solutions and Shared Value—is aligned

with our business strategy, the Sustainable Development Goals (SDGs) and the principles of the UN Global Compact.

With healthcare at the center of global attention in 2020, I would like to especially highlight our related efforts within the Shared Value pillar in the year. We maintained our planned investment of R\$ 150 million in the CPFL nos Hospitais (“CPFL in Hospitals”) Program, which will benefit

We put our 2020-2024 Sustainability Plan, developed the previous year, into practice, based on 15 commitments

around 300 healthcare providers in our service area through 2024. We maintained the R\$ 150 million investment scheduled for the CPFL in the Hospitals program, which will benefit around 300 organizations in our concession area up to 2024. Since the beginning of the program, a total of R\$ 72.2 million has already been invested in 84 units. Specifically in support of initiatives to combat the Coronavirus, we donated R\$ 5 million to 20 hospitals in the CPFL in the Hospitals program and R\$ 1 million to the BNDES program “Salvando Vidas”. Our majority shareholder, the State Grid Corporation of China (SGCC), donated 120,000 masks, 60,000 of which to the government of the state of São Paulo and another 60,000 for the municipal government of Campinas.

Times of crisis offer an opportunity to reinvent ourselves, and to prove that innovative solutions are possible when we have an inspiring purpose: to develop people to their full potential. In 2020, Universidade CPFL (“CPFL University”) explored megatrends in online education to inform the rapid development of a diversified education portfolio using interactive methodologies, flexible teaching formats, and engaging content for our employees. We invested R\$ 16 million in training both for our leadership—which played an especially important role throughout the pandemic—and for our wider workforce, with a focus on helping them improve performance and adapt to the new normal. Meanwhile, our community trade schools—where we trained more than 550 electricians, design technicians and operators for the job market—were adapted to make them pandemic-safe.

Cultural exchange between our Brazil and China operations was strengthened in the year with the launch of our Corporate Culture Inclusion Program (CCIP), an initiative that will share synergies and best practices with the State Grid Corporation of China (SGCC), our majority shareholder. Based on five pillars (Safety Culture, Governance and Management Culture, Compliance Culture, Innovation Culture and Sustainability Culture), the initiative will enhance our efforts around organizational culture.



Gustavo Estrella, CEO,
CPFL Energia

We ended 2020 optimistic about the transformations in the power sector and in CPFL Energia: our solid financial position, with a low level of leverage, creates opportunities for expansion that will create value and generate returns in the coming years.

The pandemic is not over yet, but what made us go through 2020 as I described, was the competence, dedication and engagement of our team. Thirteen thousand people reinvented themselves to continue to deliver excellence in service safely. And finally, we would be remiss not to acknowledge with thanks the continued trust and support we have received from our shareholders, clients, suppliers and the broader community.

Gustavo Estrella
CEO of CPFL Energia



> COMMITMENTS
TO OUR STAKEHOLDERS

Covid-19



CPFL Energia employee
and child



Responsibility, awareness and care

Right at the beginning of the new coronavirus pandemic in Brazil, we convened our Crisis Committee, involving the entire CPFL Energia management and senior leadership, to track possible impacts on a daily basis and to ensure quick and effective decision making.

With the support from State Grid, we adopted preventive measures in line with the recommendations of the sanitary authorities and regulatory agencies, prioritizing the health and safety of our employees and society as a whole, the preservation of our partners and the continuity of our services, as well as the company's financial discipline.

Additionally, it is worth mentioning the intense and challenging work involved in creating the COVID Account, in conjunction with regulatory agency ANEEL, the Ministry of Mines and Energy (MME) and others. This is a banking instrument to bring forward payments to the distributors while mitigating tariff impacts for consumers. This solution was fundamental for ensuring the liquidity of the power sector and mitigating the pressures caused by the reduction of the load and by the increase of the defaults on the cash of the distributors in Brazil.

We also emphasize the efforts in information technology to guarantee all the infrastructure necessary for employees, for field activities, for clients and for other stakeholders.

There follows a description of some of the measures adopted during the course of the year in alignment with our commitment to all our stakeholder groups.



With the support from State Grid, we adopted preventive measures to preserve the health and safety of everyone

SDGS ACHIEVED



Institutional: donation to combat Covid 2020

Commitment to our stakeholders

EMPLOYEES

• We brought forward the influenza vaccination campaign (more than 13,000 doses applied, including employees and nested third-parties) and the **immediate adoption of remote working for 100% of employees** (4,000 people) in administrative functions, as well as for teams in the asset monitoring center and the call center. We also guaranteed all the necessary health and safety equipment — including masks, hand sanitizer and thermometers — for the company's more than 9,000 field workers;

We set up the health cell, with a medical assistance service and guidance for employees

- **Decentralization of the teams** of the Operation Centers and the Operational Bases and Sub-stations, with new work locations manned by fewer people, enabling greater distancing;
- **Limitation of construction project teams** in lodgings, as well as cleaning and rotations in canteens and transportation;

- Constant cleaning procedures, restrictions on circulation, provision of hand sanitizer, greater distancing between people, measurement of temperature and **weekly Covid tests** to identify cases among employees in essential activities, such as the operations center and plants, with immediate communication of infection;

- **Digitalization of field teams**, with the use of tablets and analytics to identify and provide orientation on agglomerations;
- **Set up of Health cell** with medical assistance, and guidance for employees, with installations in Campinas, Sorocaba and Santos, in the state of São Paulo, and in São Leopoldo, Santa Maria, Santa Rosa and Caxias do Sul, in the state of Rio Grande do Sul;

- **Reinforcement of campaigns** with information on health and safety; a Covid-19 hub in the internal channels, both in the intranet portal and in the employee application; and daily meetings between leaders and their teams, especially in the field, to ensure support;



CPFL Energia employees

- **Daily online survey** with employees, with questions about health and possible symptoms, and daily monitoring of cases of coronavirus;
- **Installation of cameras** in construction works for real time monitoring with a view to reducing team movements;
- **Reinforcement of the Fale Comigo program**, which provides support in subjects of a personal nature, ranging from psychology and speech therapy to social, legal and financial questions;
- **Workplace exercises** by means of videos and guidance on ergonomics, as well as virtual mindfulness classes and a podcast on mental health.

CLIENTS

- **90 services made available** by means of digital channels (CPFL Online Service website, ChatBot, WhatsApp, application with free navigation during the pandemic, among others);
- **Acceleration of the digitalization of our agencies**, with the implementation of digital service totems to avoid lines and agglomerations, as well as campaigns to disseminate the digital channels available in the agencies, television commercials, online and offline media;
- **War Room** (centralized location to improve interaction and decision making between teams) to understand each region's difficulties and to ensure the re-opening of agencies, with ANEEL approval, in compliance with all health and safety protocols for employees and clients;
- Reinforcement of **call center service**;
- **New payment terms**: adoption of means such as PicPay and the corona-voucher, as well as the offer of payment of bills in installments and the use of credit cards; implantation of delivery payment, involving teams calling on clients' residences with card terminals;
- **Negotiation plan for group A clients** (high voltage) involving essential services provoking a higher impact in the short-term during the Covid-19 crisis;
- **Action plan for the mass registration of clients for the Social Energy Tariff**, program created by the federal government to offer energy bill discounts. In 2020, ANEEL liberated discounts of up to 100%, during three months, for consumption up to 220 kWh;
- **Radio and geolocation media campaigns** in the RGE concession area, as well as through our own channels, due to the suspension of meter reading by the competent authorities in the South region. The objective was to support the distributors' customers in making their own measurements and inputting the consumption data into the company website;
- **New bilateral agreements with a low degree of litigation** for free energy market clients, as well as support in our social networks with information on planning, crisis management and Human Resources support for customer teams.

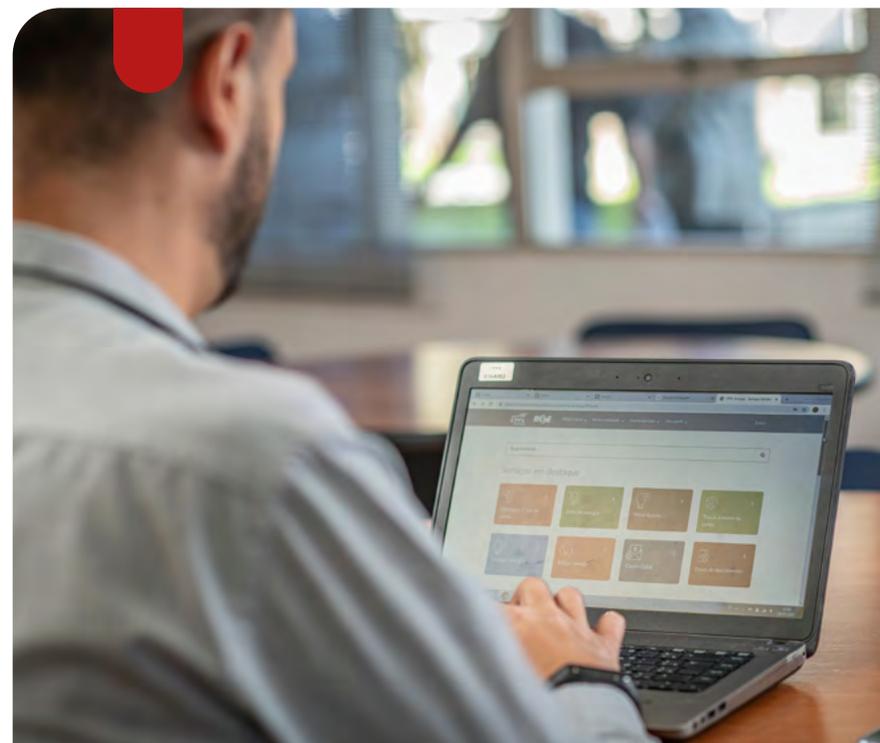


We made 90 services available over digital channels and offered new payment terms

SUPPLIERS

- **Supplier risk analysis** to assess the impact of the pandemic, analyzing cash, impact on revenue and absenteeism, among other factors;
- **Support for suppliers based on risk analysis** and pursuit of contract alternatives to mitigate impacts;
- **Reallocation of third-party teams** that would otherwise have been suspended due to the prohibition of certain activities, such as cutting off power supply due to delinquency, to other correlated activities;
- Intensification of **digital contracts**.

Employee accessing digital service channels



SOCIETY

- Our majority shareholder, State Grid Corporation of China (SGCC), **donated 120,000 masks**, 60,000 of which to the government of the state of São Paulo and another 60,000 to the Campinas city government;
- **Donation of over R\$ 5 million**, by the Instituto CPFL, to 20 hospitals in the CPFL in the Hospitals program, in the entire concession area of our distributors, in addition to the investments of around R\$ 51.3 million in energy efficiency measures, benefiting 67 hospitals in 2020 alone;
- Instituto CPFL donation of **R\$ 1 million to the BNDES “Salvando Vidas” program**, which will benefit more than one thousand public hospitals nationwide;
- **Measure to encourage** clients and employees to make donations to hospitals in our concession areas via their energy bills. The initiative resulted in donations of R\$ 4.2 million to healthcare institutions in our concession area;
- **Mobilization involving CPFL Paulista, O Boticário and Sanasa for the donation of hygiene kits** containing hand sanitizer for socially vulnerable populations in the cities of Jarinu, Piracicaba and Valinhos (SP), to combat Covid-19.

Via the Instituto CPFL, we donated R\$ 5 million to 20 hospitals in the CPFL in the Hospitals program and R\$ 1 million to the BNDES program “Salvando Vidas”

INTERACTION WITH REGULATORY AGENCIES

- Interaction with regulatory agency ANEEL (Agência Nacional de Energia Elétrica), the Ministry of Mines and Energy (MME) and other agents for the creation of the COVID Account. This is a banking instrument to bring forward payments to distributors while mitigating tariff impacts for consumers;
- **Daily monitoring and interaction with regulatory bodies** and other local and national agents for the rapid adoption of measures and compliance with regulations related to management of the crisis (temporary closure of agencies and later re-opening, temporary suspension of power supply disconnection due to delinquency, among others, at local and national level).



Donation ceremony - CPFL and State Grid



CPFL Energia

- > OUR BUSINESSES
- > 2020 HIGHLIGHTS
- > AWARDS AND RECOGNITION

Maintenance on live transmission line



CPFL Energia works throughout the chain

With over 100 years of proactive participation in the Brazilian power sector, CPFL Energia S.A. is active throughout the business chain, with businesses ranging from generation, transmission, distribution to services and solutions for its clients. We operate in 11 states in every region of the country, where we contribute to economic development, delivering clean energy, with complete reliability and safety to millions of people. **GRI 102-1; 102-2; 102-5**

Our asset management and DNA of excellence are reinforced by our majority shareholder, the State Grid Corporation of China (SGCC), the largest electric power utility in the world. With a track record of innovation and advanced technologies for the sector, the Chinese company drives our enhancements in quality and efficiency, in parallel with value generation for the corporation and for its shareholders.

Our purpose of providing the public with sustainable energy is leveraged by our 13,607 employees who, guided by our Way of Being, enable us to achieve differentiated results with safety, collaboration, innovation, sustainability, excellence and integrity. See the full picture in the GRI Content Attachment.

GRI 102-8

Mission, Vision and Values **GRI 102-16**



MISSION

- We provide sustainable, accessible and reliable energy to all walks of life, and enhance a safer, healthier and prosperous life of people in regions where we operate.
- We propel our business growth in a more strategic and competitive way, keep its dynamics and vitality, and create a more standardized, diversified and international corporate culture, while nurturing its legacy.
- We protect the level playing field for each employee's growth and attract all talents to join CPFL.



VISION

- We pursue to be the leading power utility in South America that supplies reliable electric energy and credible services.
- We pledge to forge the prolonged strength in developing business and innovation as well as culture.



VALUES

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

Our businesses

GRI 102-2; 102-6; 102-7

We are the second largest distributor in the country in volume of energy sold, with a 14% share of the Brazilian market, serving some 10 million clients in 687 municipalities. **GRI EU3**

In generation, we have installed capacity of 4,305 MW and are the third largest private generator in the country, as well as the leader in renewable generation from hydroelectric, wind, biomass and solar sources. **GRI EU1**

We also invest in niche transmission businesses and operate nationwide via CPFL Soluções, which provides integrated solutions in energy management and commercialization, energy efficiency, distributed generation, energy infrastructure and consulting services.

SDGS ACHIEVED



Wind complex Aracati II



CPFL serves around 10 million clients. It is the third largest private generator in the country and is the leader in renewable generation



Our brands

GRI 102-2; 102-7



GENERATION

Production and commercialization of energy in the regulated and free markets.

CPFL GERAÇÃO



The holding company for the group's generation assets, encompassing CPFL Renováveis, as well as six hydroelectric power plants (HPPs) and two thermal plants (TPPs);

CPFL Renováveis: dedicated to generation from renewable sources, it has two HPPs, 43 small hydroelectric power plants (SHPPs); six hydroelectric generating plants (HGPs); 45 wind farms; eight biomass thermal power plants; and one solar plant.

Under construction: one small hydroelectric power plant (28 MW) and four wind farms (82 MW). Development pipeline: 3.350 MW in wind, solar and small hydroelectric projects.



DISTRIBUTION

Power supply to the end consumer, by means of four distributors.

CPFL Paulista: operates in 234 municipalities in São Paulo state, serving 4.67 million clients;

CPFL Piratininga: present in 27 municipalities in São Paulo state and the São Paulo coastal region, serving 1.83 million clients;

CPFL Santa Cruz: operates in 45 municipalities, of which 39 in the state of São Paulo, three in Paraná and three in Minas Gerais, serving 476,000 clients;

RGE Sul Distribuidora de Energia: serves 381 municipalities in the state of Rio Grande do Sul, with 2.97 million clients.



TRANSMISSION

Transmission of the electrical energy generated, with remuneration for the services rendered. Currently, there are two projects in operation and three under construction.



CPFL SOLUÇÕES

Offer of integrated energy solutions ranging from consulting services to energy management, commercialization, infrastructure and services.



INSTITUTO CPFL

The private social investment arm of CPFL Energia, responsible for overseeing social transformation and positive impact initiatives.



GROUP SUPPORT SERVICES:

- CPFL Atende;
- CPFL Total
- CPFL Pessoas
- CPFL Supre
- CPFL Finanças
- CPFL Infra
- Universidade CPFL

Operations map GRI 102-4

We operate in 11 states in every region of the country

DISTRIBUTION

- cpfl paulista
- cpfl santa cruz
- cpfl piratininga
- RGE

TRANSMISSION

- cpfl transmission
- 1** 7 sub-stations
2 (SP), 1 (CE), 1 (SC), 3 (RS)
- 2** 6 transmission lines
2 (SC), 4 (RS)

SERVICES

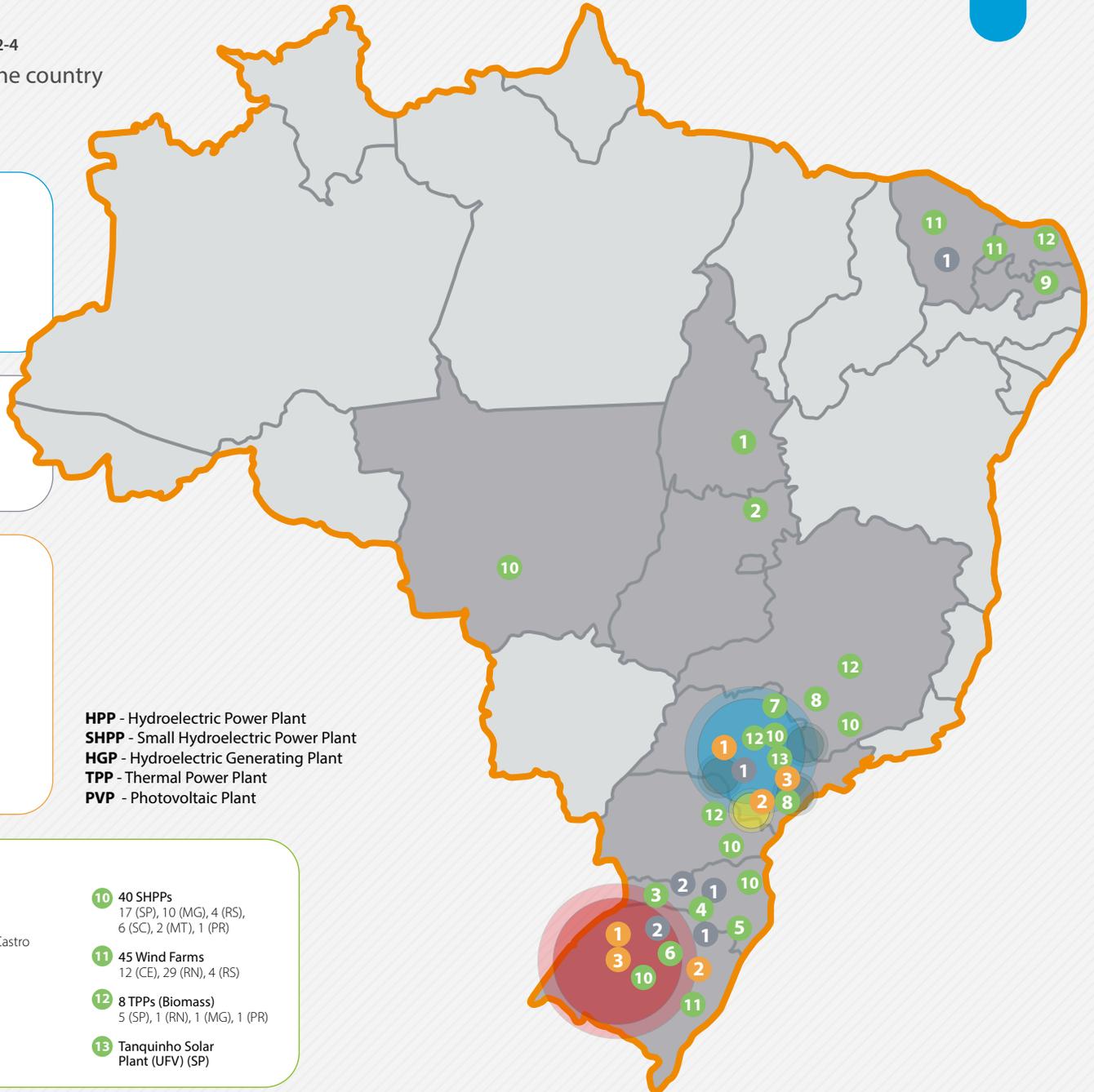
- cpfl soluções
- cpfl atende
- cpfl pessoas
- cpfl finanças
- cpfl supre
- cpfl infra
- cpfl total

- 21 Operational Bases (SP)
- 1 Refurbishment operation (SP)
- 5 Business Offices (SP, AM, PE, RS and PR)

GENERATION

- cpfl renováveis
- 1** HPP Luis Eduardo Magalhães
- 2** HPP Serra da Mesa
- 3** HPP Foz do Chapecó
- 4** HPP Campos Novos
- 5** HPP Barra Grande
- 6** Ceran Complex
HPP Monte Claro / HPP Castro Alves / HPP 14 de Julho
- 7** 2 HPPs (SP)
- 8** 6 HGPs 4 (SP), 2 (MG)
- 9** TPPs - Termoparaíba and Termonordeste
- 10** 40 SHPPs
17 (SP), 10 (MG), 4 (RS), 6 (SC), 2 (MT), 1 (PR)
- 11** 45 Wind Farms
12 (CE), 29 (RN), 4 (RS)
- 12** 8 TPPs (Biomass)
5 (SP), 1 (RN), 1 (MG), 1 (PR)
- 13** Tanquinho Solar Plant (UFV) (SP)

HPP - Hydroelectric Power Plant
SHPP - Small Hydroelectric Power Plant
HGP - Hydroelectric Generating Plant
TPP - Thermal Power Plant
PVP - Photovoltaic Plant





GENERATION

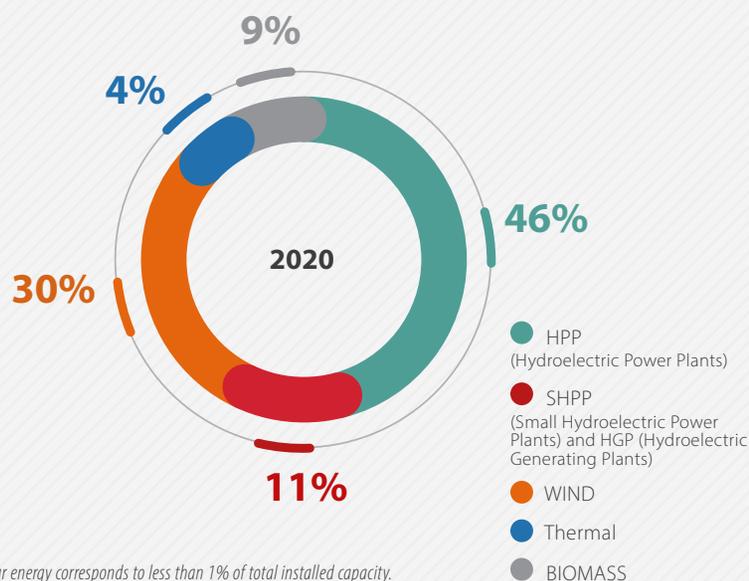
In 2020, we concluded the CPFL Renováveis Integration Plan with the legal restructuring of our generation companies. The new structure is focused on strengthening management, as well as generating synergies throughout the company, which became the only one in the group in the generation segment. **GRI 102-10**

With the assets distributed throughout four regions in the country our installed capacity, considering each project's share, is 4,305.2 MW. In 2020, we generated 11.4 terawatts-hour (TWh). **GRI EU1; EU2**

Under construction, we have the Lucia Cherobim SHPP (28 MW), located in the state of Paraná, which is scheduled to come into operation by 2024, and four wind farms in the Gameleira Complex (82 MW), located in the state of Rio Grande do Norte, whose entry into operation was brought forward to 2021.

Further information about our generation assets in operation and under construction is available in Energy of the Future.

Installed capacity (MW) GRI EU1



Tanquinho solar plant in Campinas (SP)



The entry into operation of the Gameleira Complex, which comprises four wind farms, was brought forward from 2024 to 2021



TRANSMISSION

In the Transmission sector, we invest in projects that promote synergies with the Generation and Distribution businesses. Currently, we have the assets of CPFL Transmissão Piracicaba and CPFL Transmissão Morro Agudo in operation, as well as three other projects under construction, the result of an ANEEL auction in 2018, the works on which progressed in 2020.



We progressed in the works on the three transmission projects commissioned in a 2018 ANEEL auction



CPFL Transmissão sub-station
Piracicaba

Transmission assets GRI EU4

	IN OPERATION			UNDER CONSTRUCTION	
	CPFL Transmissão Piracicaba	CPFL Transmissão Morro Agudo	CPFL Transmissão Maracanaú	CPFL Transmissão Sul I	CPFL Transmissão Sul II
Location	SP	SP	CE	SC	SC/RS
Number of sub-stations	1	1	1	1	3
Power	800 MVA	800 MVA	450 MVA	224 MVA	549 MVA
Concession term	2043	2045	2048	2049	2049
Annual revenue permitted	R\$ 12.3 million	R\$ 14.6 million	R\$ 7.9 million	R\$ 26.4 million	R\$ 33.9 million



DISTRIBUTION

In the Distribution segment, we have four companies operating in the states of São Paulo, Rio Grande do Sul, Minas Gerais and Paraná, in a concession area covering 687 municipalities, serving some 10 million clients.

In 2020, we distributed 65.9 TWh of energy in our concession areas, 3.1% less than in 2019. This result mainly reflects the

reduction in commercial and industrial consumption (-10.1% and -5.6%, respectively), which were strongly impacted at the beginning of the Covid-19 pandemic, but which are already presenting signs of recovery. On the other hand, there was an 2.9% increase in residential consumption, due to the social isolation measures undertaken and to the increase in the number of people working remotely from

home. The result was also affected by the implementation of Aneel Resolution 863/2019, which determined alterations in the billing calendars for captive high voltage clients, generating a reduction in the number of days billed in 2020.

Total clients in Distribution segment GRI EU3

	2018	2019	2020
Residential	8,544,035	8,721,256	8,926,689
Industrial	58,241	57,116	55,865
Commercial	532,592	529,815	520,139
Rural	361,908	363,500	362,325
Public authorities	60,685	61,868	63,350
Public services	10,194	10,512	10,786
Public lighting	11,659	11,809	12,300
Own consumption	982	943	951
Others	191	192	186
TOTAL	9,580,487	9,757,011	9,952,591

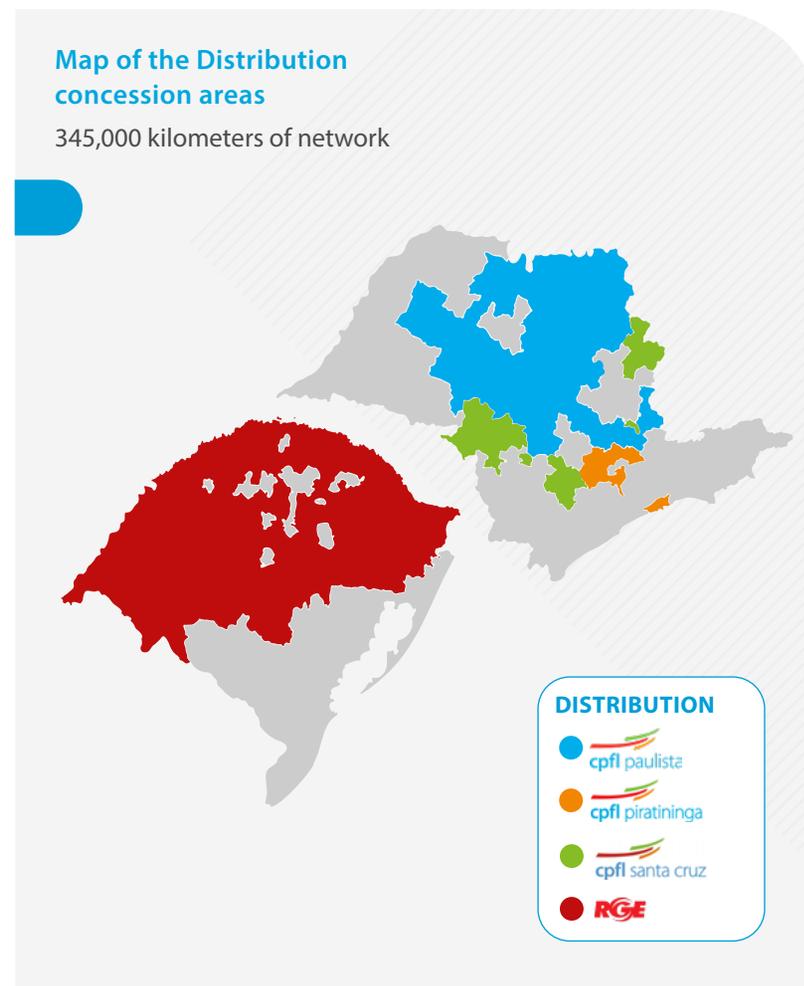
Energy delivered by the distributors (TWh)

	2018	2019 ¹	2020
CPFL Group	67.212	68.055	65.926

1. The amount for 2019 was restated

Map of the Distribution concession areas

345,000 kilometers of network



Solutions

CPFL Soluções operates nationwide with the offer of integrated energy solutions ranging from consulting to energy management, commercialization, infrastructure and services, aimed at generating value and greater competitiveness for our clients. In 2020, CPFL Soluções had over 2,550 clients, an increase of 21.4% compared with 2019.



CPFL Energia employee

Solutions portfolio



• Energy Management

Complete consultancy enabling clients to better manage their energy, improving predictability and driving savings;



• Free Energy Market

Freedom of choice of energy supplier and negotiation of prices, volumes, energy sources and commercial terms;



• Distributed Generation

Self-generation of energy from renewable sources;



• Energy Efficiency

Solutions that improve productivity, including reduced costs and environmental impacts;



• Infrastructure and Energy Services

Needs diagnostic survey, development of solution, execution of project, maintenance and retrofit;

For strategic reasons, during the year we discontinued the operations of Envo, a company focused on distributed generation in the B2C market. However, CPFL Soluções maintained services for clients who already had projects in progress in the segment. **GRI 102-10**

2020 highlights



GENERATION

- Conclusion of CPFL Renováveis Integration Plan with the legal restructuring of the generation companies
- **11.4 TERAWATTS-HOUR** (TWh) of energy generated
- **98.9% OF TOTAL** generated from renewable sources
- **ADVANCES IN CONSTRUCTION OF ASSETS**
 - Lucia Cherobim SHPP (Paraná)
 - Gameleira Wind Complex (Rio Grande no Norte)



TRANSMISSION

ADVANCES IN WORKS ON ASSETS UNDER CONSTRUCTION:

- Maracanaú II sub-station (Ceará)
- CPFL Transmissão Sul I (Santa Catarina)
- CPFL Transmissão Sul II (Santa Catarina and Rio Grande do Sul)



DISTRIBUTION

- **65.9 TWH** of energy distributed
- **9,952,591** clients served
- **345,000** kilometers of network
- **13% REDUCTION** in Interruption Duration Index (SAIDI)
- **8% REDUCTION** in Interruption Frequency Index (SAIFI)



SOLUTIONS

- **MORE THAN 2,550 CLIENTS** 21.4% up on 2019
- **EBITDA** of R\$ 127.0 million



FINANCIAL HIGHLIGHTS

- **R\$ 30.898 BILLION** in net operating revenue
- **R\$ 6.780 BILLION** in EBITDA
- **R\$ 3.707 BILLION** in net income
- **R\$ 2.808 BILLION** invested



2020-2024 SUSTAINABILITY PLAN

SUSTAINABLE ENERGY

- **11.3 TWH** of renewable energy generated
- **EMISSIONS REDUCTION** of 186,149.3 t CO₂ compared with 2019 (scope 1 +scope 2)
- **939 tons** of materials reused, including mineral oil and copper wiring
- **9,807 transformer units** refurbished

SMART SOLUTIONS

- **35,094 SMART METERS** installed, 100% of group A clients
- Project in Jaguariúna (SP): **22,094 SMART METERS** installed for group B
- **90 SERVICES** available via digital channels
- **110 MILLION** service tickets via digital channels

SHARED VALUE

- CPFL in the Hospitals: **R\$ 51.3 MILLION INVESTED** in 67 hospitals in 2020 and 340,000 people benefited through the Instituto CPFL
- **AROUND 103,500 LOW-INCOME FAMILIES** benefited by the Energy Efficiency Program
- Launch of CPFL Young Generation benefiting **7,000 PEOPLE**

Awards and recognition

In 2020, we celebrated several awards and recognitions for our activities

 **EXAME/IBRC Customer Service Award:** CPFL Paulista was elected as one of the companies with the best customer relationship practices in the electric sector in the award granted by EXAME magazine in partnership with Instituto Ibero Brasileiro de Relacionamento com o Cliente.

 **50 most valuable brands in Brazil:** CPFL Energia was in the EXAME ranking of the 50 companies most admired by consumers, according to a survey conducted by the English consultancy Brand Finance, specialized in evaluating brands.

 **ECO Award:** CPFL Energia was recognized in the award organized by the American Chamber of Commerce Amcham and the newspaper Estadão, in the categories Sustainability in Processes - Managing biodiversity and shared value with the community, and Sustainability in Products or Services - Circular economy and waste management.

 **Fundação Nacional da Qualidade (FNQ):** the distributors CPFL Paulista, CPFL Piratininga, RGE and CPFL Santa Cruz were recognized among the Best in Management by the FNQ.

 **Global Performance in Continuity:** CPFL Santa Cruz was recognized by ANEEL as the best distributor in the country for its Global Performance in Continuity;

 **Finance & Law Summit and Awards:** the Leaders League recognized the company for having the Best Legal Department in the infrastructure and energy segment.

 **Equities Deal of the Year 2020:** the 2019 CPFL Energia offering (Re-IPO), which raised R\$ 3.7 billion from the sale of shares on the capital market, received the award from The Banker, division of the newspaper the Financial Times.

 **Carbon Disclosure Project (CDP):** CPFL Energia achieved a distinction in the Leadership category of the Carbon Disclosure Project (CDP) Climate Change ranking. In addition to evolving to category A- in Climate Change, the company remained in the market median, with level B in the item Water Security, among the 9,600 companies that responded to the questionnaire. The company was also recognized by the CDP as a Supplier Engagement Leader for its work in engaging suppliers to combat climate change, with an A score, the highest on the questionnaire.

 **Valor Inovação Brasil Award 2020:** the company came 4th among the most innovative companies in the country in the power sector ranking. The award is organized by the newspaper Valor Econômico and by Strategy&, a PwC strategy consultancy.

 **Champions of Innovation Award:** RGE was placed among the most innovative companies in the energy sector by the AMANHÃ Group and the IXL Center for Innovation, Excellence and Leadership, from Cambridge (USA).

 **CDP Climate Resilience Index (ICD-PR-70):** CPFL Energia has been listed in this index since its creation in 2019. The index assesses the relationship between companies' disclosure of environmental information and financial performance.

 **Corporate Sustainability Index (ISE):** in 2020, we returned to the B3 ISE index, valid from January to December 2021. We outperformed the portfolio, considering the average score per dimension.

 **Carbon Efficient Index (ICO2):** the company was listed on this B3 index, which identifies companies with the lowest carbon emission rates.

 **Aberje Award:** CPFL Energia was among the three finalists for the award in the Organizational Memory category.

 **State Grid Management Innovation:** the CPFL Renováveis Suzlon Project was recognized by our majority shareholder, State Grid, in the "Overseas Operation" category.

 **ESG Santander:** we are in the portfolio of companies with a distinguished ESG performance recommended by Santander.

 **MSCI:** for the first time, CPFL Energia received an A rating from Morgan Stanley in its MSCI ESG index, aimed at measuring companies' resilience to long-term ESG risks. During the period we were listed in the MSCI Emerging Markets, MSCI Latin America and MSCI Brazil indexes.

 **Friend of Justice:** the company's Legal area received a bronze certificate for its 5-year participation in the program organized by the São Paulo State Justice Tribunal.



Governance

- > GOVERNANCE STRUCTURE
- > RISK MANAGEMENT

CPFL Energia employees



Best practices

In line with our commitment to generate value for our stakeholder groups, we follow best corporate governance practices, based on the principles of transparency, equality, accountability and corporate responsibility.

Since 2004, our shares have been listed on the B3 – Brasil, Bolsa, Balcão Novo Mercado, a segment that requires the highest standards of governance and

management. All the company's shares are ordinary, that is, with voting rights and shareholders are ensured 100% Tag Along rights in the event of a change in control.

For the coming years, one of the strategic pillars of our Corporate Culture Inclusion Project (CCIP) is to further improve company corporate governance practices. The corporate governance measures were developed to enhance company pro-

cesses, taking into account best practices adopted in the local and international markets with a view to adding value for our stakeholders.

There is further information about the CCIP in Cultural Transformation.

Campinas (SP)



New Novo Mercado rules

In 2020, the B3 granted a one-year extension for companies to adjust to the new rules of the segment, which were reviewed in 2018. The deadline, which would end in April 2021, was extended to the Ordinary General Meeting of 2022.

Within this context, we had already mapped some changes in accordance with the new guidelines, which provide for the creation of an Audit Committee and the review of determined policies and regulations. These include policies related to the nomination of the members of the Board of Directors and the Executive Board, to related parties and to the compensation of governance bodies.

CAPITAL MARKET

In 2020, we commemorated the first anniversary of our follow-on offering (“Re-IPO”), as well as our return to key local and global capital market indexes, such as: the Corporate Sustainability Index (ISE) and Carbon Efficient Index (ICO2), both on the B3, from January 2021, IBRX-100 (Brazil 100 Index), Ibovespa (Bovespa Index), MSCI (Morgan Stanley Capital International) and FTSE (London Stock Exchange), which contributed to the increase of our investor base. We were also included on the Santander portfolio of ESG recommendations.

We celebrated our return to important capital market indexes

In June 2020, CPFL Renováveis was delisted from the B3 Novo Mercado (and its category in the CVM was changed from “A” to “B”), with the organization of a Public Tender Offer for the outstanding ordinary shares. In July, by means of a share redemption operation, the shares of the minority shareholders who did not participate in the OPA were redeemed. As a result CPFL Renováveis no longer had minority shareholders. It should be noted that before the public tender offer, the free floating shares represented only 0.056% of the company’s total capital. **GRI 102-10**

CPFL Group wind generation



Transparency in ESG

In 2020, in line with our commitment to transparency, we organized three events aimed at Brazilian and international investors focused on environmental, social and governance aspects.

In these, we presented our 2020-2024 Sustainability Plan, approved by the Board of Directors and the Executive Board, its strategic pillars — Sustainable Energies, Smart Solutions and Shared Value — and the 15 associated public commitments.

Specifically regarding corporate governance, we presented our structure, the best practices we employ and our guidelines for related parties. The presentation for investors is available on the IR [website](#), and further information about the Sustainability Plan and its advances is available via this [link](#).



STATE GRID
CORPORATION OF CHINA

Free Float



83.71%

16.29%

DISTRIBUTION



COMMERCIALIZATION



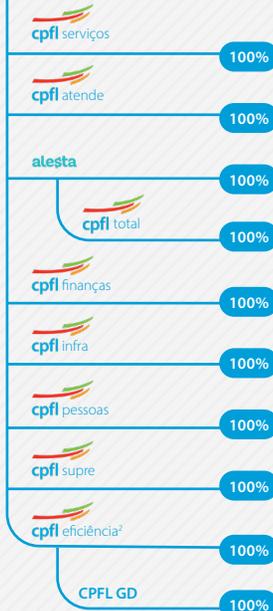
GENERATION



Legal structure

Holding 83.71% of our capital, State Grid is the company's main shareholder. The largest company in the world in the energy sector, State Grid operates in diverse countries, and has invested more than US\$ 12.5 billion in Brazil since 2010.

SERVICES



Base: 31/12/2020

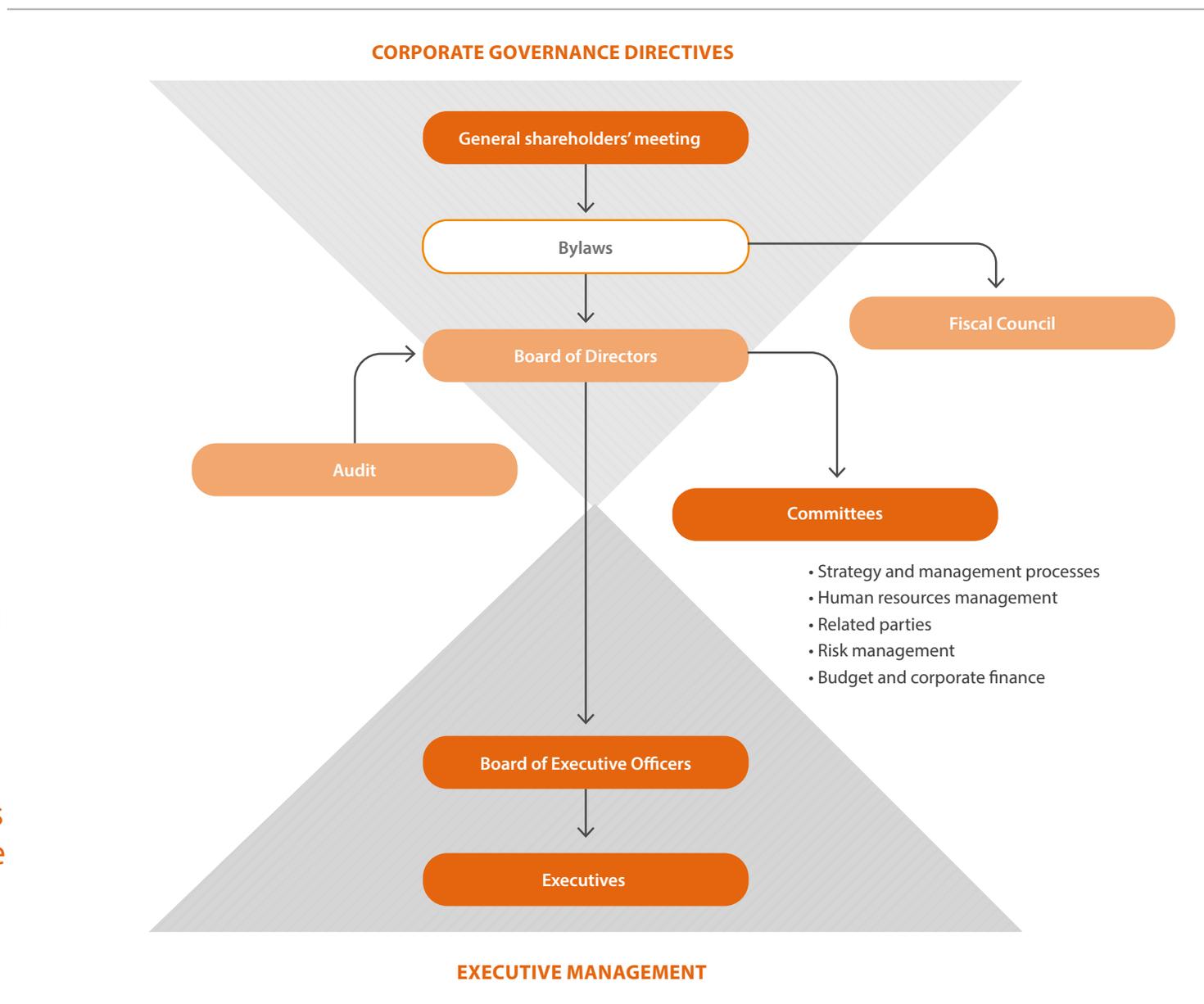
1. RGE is controlled by CPFL Energia (89.0107%) and by CPFL Brasil (10.9893%);
2. CPFL Soluções = CPFL Brasil + CPFL Serviços + CPFL Eficiência;
3. 51.54% share of the availability of power and energy of the HPP Serra da Mesa, corresponding to the energy supply contract between CPFL Renováveis and Furnas;
4. CPFL Renováveis is controlled by CPFL Energia (49.1502%) and by CPFL Geração (50.8498%);
5. Alesta is classified in the "Others" segment. To facilitate visualization and since it has incorporated the shares of CPFL Total, it is presented in the "Services" segment.

Governance structure

GRI 102-18



Our governance structure consists of the the General Shareholders' Meeting, the Board of Directors, five advisory committees to the Board of Directors, the Board of Executive Officers or Executive Board and the Fiscal Council.





Board of Directors

Among the other competencies set forth in the company bylaws, the Board of Directors is responsible for determining the overall direction of the businesses and for nominating the Executive Board. It comprises seven members, two of whom are independent. All have a two-year term

of office, with re-election permitted. The current composition of the Board is described ahead. The members were elected at the Ordinary General Meeting on July 27, 2020 and the Extraordinary General Meeting on November 27, 2020. **GRI 102-24**

Composition of the Board of Directors GRI 102-22, 102-23

Bo Wen	Chairman
Gustavo Estrella	Member
Hong Li	Member
Yuehui Pan	Member
Anselmo Henrique Seto Leal	Member
Antonio Kandir	Independent member
Marcelo Amaral Moraes	Independent member

Board of Executive Officers

Comprising a CEO and eight Vice President Directors, all of whom have a two-year term of office, the Board of Executive Officers is responsible for representing and managing the businesses in accordance with the guidelines set forth in the long-term strategic planning.

Composition of the Board of Executive Officers GRI 405-1

Gustavo Estrella	Chief Executive Officer
Futao Huang (Interim)	Executive Vice President
Yuehui Pan	Executive Vice President of Finance and Investor Relations
Futao Huang	Executive Vice President of Strategy, Innovation and Business Excellence
Luiz Henrique Ferreira Pinto	Vice President of Regulated Operations
Karin Regina Luchesi	Vice President of Market Operations
Gustavo Pinto Gachineiro	Vice President of Legal and Institutional Relations
Vitor Fagali de Souza	Vice President of Business Development
Flávio Henrique Ribeiro	Vice President of Business Management

Advisory Committees

GRI 102-22

To support the Board of Directors in subjects of importance for managing the business, the governance structure comprehends five advisory committees: Strategy and Management Processes, Human Resources Management, Related Parties, Risk Management, Budget and Corporate Finance.

In addition to the committees, whenever necessary ad hoc commissions may be set up to support the Board of Directors in specific subjects for a determined period of time.

Further information about the committees and their members is available [here](#).

Fiscal Council

Our Fiscal Council complements the governance structure, acting independently of the administration and external audit. Its attributions include oversight of the actions of the administrators, examining and providing opinions on the financial statements and reporting its conclusions to the shareholders. The council is installed permanently. It also performs functions correlated to those of an audit committee, in accordance with best governance practices. Its three members meet on a monthly basis and adopt a minimum calendar of activities that includes periodic meetings with the internal and external auditors, with the Board of Executive Officers and the Board of Directors.

There is further information on the nomination of the governance bodies, measures to enhance their knowledge and the process for determining the remuneration of members in the GRI content attachment.



CPFL Energia employees

Conflicts of interests

GRI 102-25

In addition to complying with the provision of Brazilian Corporate Law on conflicts of interests, the company has established principles related to this question in the Internal Regulations of the Board of Directors, Internal Regulations of Board of Directors Committees and Advisory Commissions, Governance Guidelines, and the Code of Ethical Conduct.

In situations of potential conflict in transactions with related parties, we comply with the applicable requirements in the Brazilian

securities and exchange commission (CVM or Comissão de Valores Mobiliários) regulations. Under the terms of the company's internal rules, transactions are submitted to assessment by the Related Parties Committee, the majority of whose members are independent.

The prevention and administration of possible conflicts or divergences are the responsibility of each governance agent. Any member presenting a conflict of interest should abstain from participating in meetings involving such questions.

Risk management

GRI 102-15; 102-30

According to our Corporate Risk Management Policy, reviewed in 2020 and approved by the Board of Directors, the main risks of the CPFL group companies are consolidated in the Corporate Risk Map, which comprises the following categories: Financial, Operational, Legal, Energy Market, Sector Regulation, Environment and Reputation.

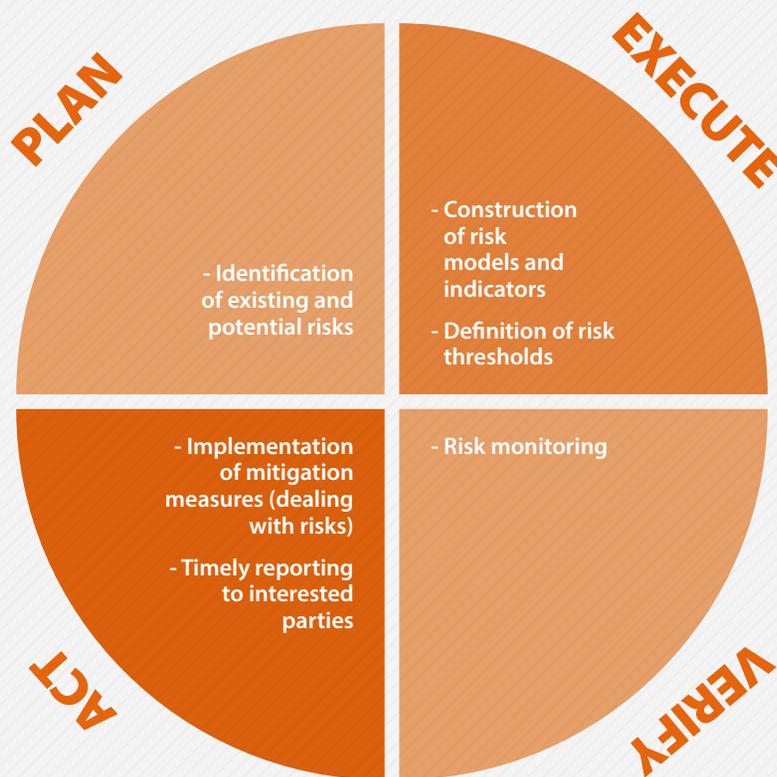
The policy also sets forth the main responsibilities of the parties involved and the exposure limits for the main risks. In this regard, the policy comprehends the corporate risk management structure in line with best practices for this theme, the organization of which enables the smooth flow of information and ensures transparency and independence in compliance processes.

Our Corporate Risk Management Policy was reviewed in 2020 and approved by the Board of Directors

The approach of the corporate risk management model is based on four pillars – planning, execution, verification and action. The indicators and risk limits are evaluated continuously and, when necessary, the Board of Executive Officers proposes alterations which are submitted for the approval of the Board of Directors.



CORPORATE RISK MANAGEMENT MODEL



Access to Corporate Risk Management Policy www.cpfl.com.br/ri.

Information security

GRI 103-1, 103-2, 103-3, 418-1

In order to mitigate possible risks related to information security, in 2020 we invested in initiatives and planning for cybersecurity, with measures scheduled for the coming years. Additionally, in line with the requirements of Brazil's general data protection law (LGPD), we mapped the measures necessary, working on the implementation with a view to protecting employee, customer and partner data.

With consulting support from PWC, among other measures, we defined the governance structure for this area in line with best market practices. We implemented an area linked with the audit, which reports to the Board of Directors, and we contracted a partner to address any doubts received from our clients. We also initiated a discussion group with companies in the sector to exchange good practices.

Internally, we reinforced communication and awareness campaigns with employees, particularly in relation to the measures necessary in remote working. We have made a guide focused on this issue available. This contains orientation on risks, general tips on passwords, care, access to the internet, email and corporate tools, as well as notions about the confidentiality, availability and integrity of information.



Sustainable business management

- > BUSINESS MODEL
- > STRATEGIC PLANNING
- > SUSTAINABLE DEVELOPMENT

Business model

Verticalized and diversified, our business model ranges over the entire electric power sector chain, with businesses in generation, transmission, distribution, services and solutions for clients. We manage our assets with a focus on operational excellence and delivering value for our clients. This is backed by the expertise of our shareholder, State Grid Corporation of China (SGCC), particularly with respect to the incorporation of innovation and more advanced technologies.

We are backed by the expertise of our shareholder, State Grid Corporation of China (SGCC), particularly with respect to the incorporation of innovation and more advanced technologies



Public lighting

Our differentials



Sustainable brand

Sustainability is the backbone of our corporate strategy and decision making process. Through the Sustainability Plan, totally linked to to businesses, we address initiatives, commitments and goals until 2024. With the tracking of indicators and strategic topics, and reports for our stakeholders, we reinforce our commitment and contribution to the United Nations Sustainable development Goals (SDGs) and 2030 Agenda.



Safety

The safety of our employees, clients, third-parties and the population is a non-negotiable value in the development of our activities. We invest continually in improving working conditions, in training, inspection and corrections, promoting a culture guided by this value, with the purpose of mitigating risks and eliminating internal and external incidents in our activities. We conduct awareness campaigns on the risks related to the power grid in the communities in which we operate, including schools.



Technology

We invest in technological innovation throughout the chain of activities. Worthy of note in 2020 was the implementation of telemetering among 100% of group A clients, the conclusion of the installation of smart meters in Jaguariúna (São Paulo), technology aligned with modernization trends in the power sector, and the digitalization of our field teams, as well as the operation of the ADMS, a platform that integrates a broad data base, boosting intelligence and efficiency in asset monitoring.

Our differentials



Innovation

We develop research & development projects related to the main trends in the sector. One highlight in 2020 was innovation projects for the commissioning of the use of batteries and electric mobility. We also seek to strengthen an innovation culture with initiatives such as the development of a Technological Road Map, participation in a hackathon, the restructuring of an Innovation Trail for employees, among other programs.



Digitalization

The client experience continues to be a priority in our discussions, initiatives and targets. In addition to digitalization solutions and analytics and big data systems, in 2020 we made significant progress in the digital channels. During the year, we highlight the expansion of WhatsApp service functions, the use of chat, self-service mechanisms and totems in branches.



Knowledge

Through Universidade CPFL, we invest in the development of the human and intellectual capital in our company through high performance programs in operational excellence and professional development aimed at preparing the workforce for the future, promoting a client-focused multiple business culture characterized by innovation and agility. We also promote the qualification of suppliers and the generation of value for society by means of the Instituto CPFL, worthy of note being the launch of CPFL Jovem Geração (CPFL Young Generation), with activities ranging from initiation in music and sport to reading and education.



Digital service channels

Verticalized and diversified, our business model ranges over the entire electric utility sector chain: generation, transmission, distribution and solutions

Strategic planning

Our businesses are developed in line with strategic planning, which comprehends the main drivers of our activities for the next five years. Formulated by the Board of Executive Officers in 2020, based on analysis and assessment of macroeconomic trends and the market, the plan is updated and approved annually by the Board of Directors.

This management tool shapes our targets and investment priorities focused on business continuity and long-term value generation, in addition to converging with our 2020-2024 Sustainability Plan (information in Sustainable Development).

Sustainable development

Our activities and investment priorities aligned with company values and global trends towards sustainable development are guided by our Sustainability Plan, in turn driven by the vision of our majority shareholder, State Grid. The plan was initiated in 2020 based on the guidelines of "Provide sustainable, accessible and reliable energy to all walks of life, and enhance a safer, healthier and prosperous life of people in regions where we operate".

To achieve our goals, the plan is based on three strategic pillars — Sustainable Energy, Smart Solutions and Society Shared Value — broken down into 15 public commitments, with targets up until 2024 and investments of R\$ 1.8 billion to drive economic, social and environmental growth throughout our value chain.

Our main drivers



- **Safety:** work in safety, disseminating this value as a non-negotiable value for the company;



- **Growth:** aim at growing by means of acquisitions, development of greenfield projects and the implantation of new business models;



- **New businesses and innovation:** invest in technology and innovation to add value to the business;



- **Digitalization:** digitalization of our networks, our operation and our support processes;



- **Operational efficiency:** increase the availability and efficiency of our assets, aimed at maximizing energy generation and financial results;



- **Regulation:** acting purposefully towards the evolution of the sector regulatory framework;



- **Client focus:** a focus on client relations, with differentiated services and a focus on providing complete energy solutions;



- **Financial results:** ensure long-term financial health by means of sustainable cash management and efficient capital allocation.

CPFL sustainability driver

Provide sustainable, accessible and reliable energy to all walks of life, and enhance a safer, healthier and prosperous life of people in regions where we operate

Trends in the power sector

- Transition to a low carbon matrix
- Changing customer profiles and habits
- New technologies and digitalization
- Regulatory framework modernization

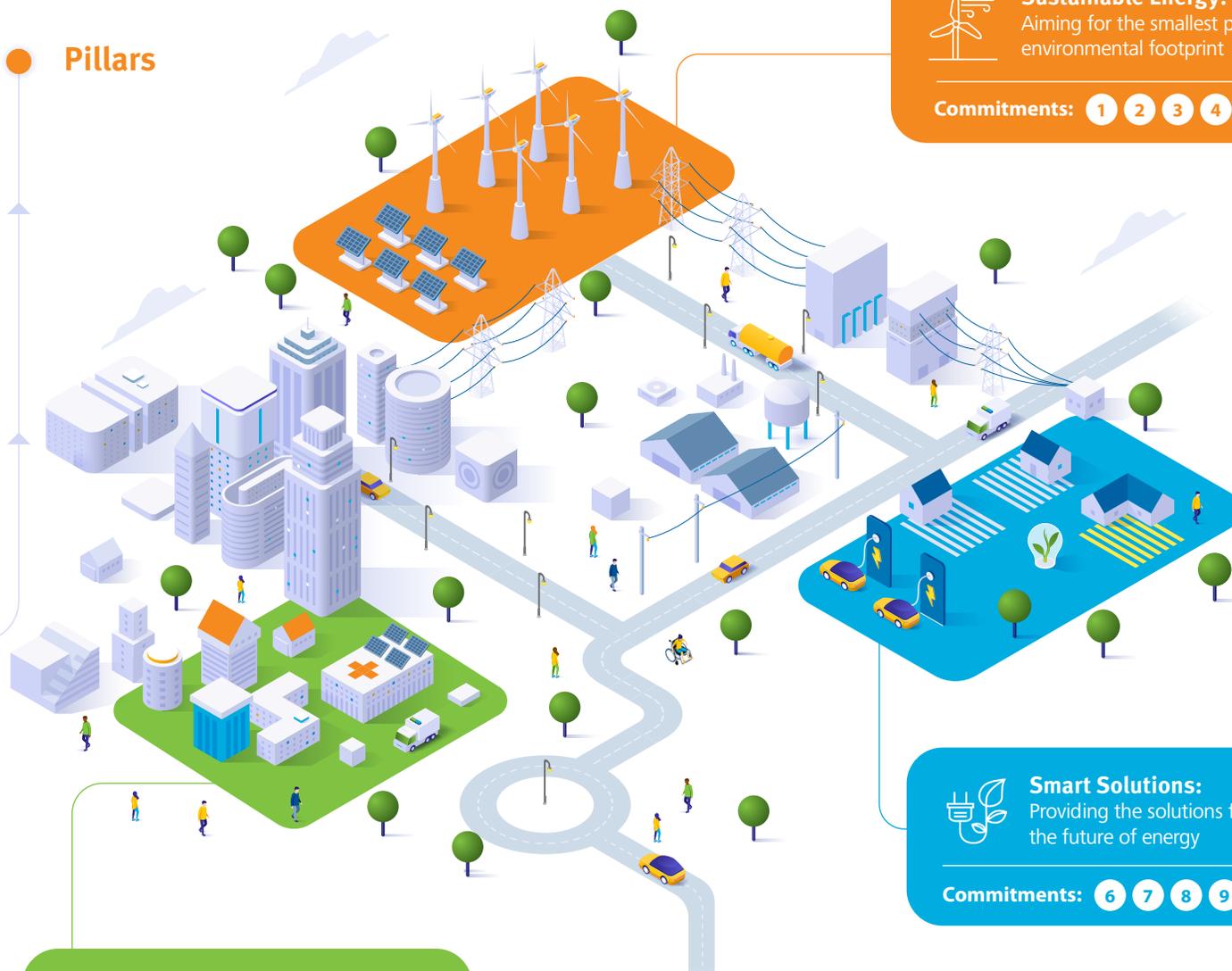
Objective

Power the transition to a more sustainable and smart way of providing and using energy, maximizing our positive impacts in the community and value chain

See our commitments and our advances on the coming pages



Pillars



Sustainable Energy:
Aiming for the smallest possible environmental footprint

Commitments: 1 2 3 4 5



Smart Solutions:
Providing the solutions for the future of energy

Commitments: 6 7 8 9 10



Society Shared Value:
Maximizing our positive impacts in the community and value chain

Commitments: 11 12 13 14 15

Enablers



Ethics



Transparency



Employee Development & Inclusion

Sustainability Plan Commitments

Our Sustainability Plan comprises 15 public commitments in three pillars, in which we will develop initiatives and invest up until 2024. To define these, we assessed the connections between our businesses and the 17 Sustainable Development Goals (SDGs), of the United Nations Organization (UNO), pursuing major contributions towards the achievement of these goals.

We monitor the indicators for each commitment on a monthly basis, and report the status of the targets to the Board of Executive Officers and the Board of Directors every quarter. In 2020, we

presented our commitments to Brazilian and international investors by means of an exclusive online event dedicated to ESG aspects of the business.

The evolution of our plan in 2020 is presented ahead. Furthermore, throughout the report we present projects that contribute to achieving these targets.

Equipment Refurbisher - SP



Sustainable energy

Commitment up to 2024

Results in 2020

- | | |
|---|---|
| <p>1 Keep at least 95% from renewable sources in our generation portfolio until 2024
SDG 7 and 13</p> | <ul style="list-style-type: none"> • Keeping of 95% of installed capacity from renewable sources • 98.9% of the energy generated from renewable sources |
| <p>2 Reduce in 10% our carbon intensity indicator until 2024
SDG 13</p> | <ul style="list-style-type: none"> • 23,7% reduction in CO₂ emissions in 2020 (scope 1 and scope 2) • 27,6% reduction in scope 1 • 19,1% reduction in scope 2 |
| <p>3 Publish our climate change adaptation actions
SDG 13</p> | <ul style="list-style-type: none"> • We have consolidated our main practices to mitigate and adapt to climate change in a positioning that will be disclosed to the market in 2021 |
| <p>4 Refurbish at least 40,000 equipments (transformers, voltage regulators, reclosers etc.) until 2024
SDG 12</p> | <ul style="list-style-type: none"> • 9,807 units of transformers reformed • 177 units of voltage regulators reformed • 174 recloser units reformed |
| <p>5 Ensure the destination of 100% of the main grid components to recycling or to the reverse supply chain until 2024
SDG 12</p> | <ul style="list-style-type: none"> • 100% of critical network components channeled the reserve chain • 6,351 tons of aluminum, copper and iron scrap sent to the reserve chain • 4,659 units of transformers sent to reverse chain |



Smart solutions

Commitment up to 2024

Results in 2020

- | | |
|--|---|
| <p>6 Reach 100% of Group A clients with telemetering until 2020
SDG 7, 9, 11, 13</p> | <ul style="list-style-type: none"> • 100% of group A clients with telemetering • More than 35,000 installed smart meters |
| <p>7 Invest R\$ 350 MM in distribution network automation until 2024
SDG 7, 9, 11, 13</p> | <ul style="list-style-type: none"> • More than R\$ 75 MM invested • More than 13,000 reclosers installed in our network • More than 1,700 kilometers of lines modernized |
| <p>8 Achieve 90% of attendance by digital channels until 2024
SDG 7, 9, 11, 13</p> | <ul style="list-style-type: none"> • 86.5% of attendance by digital channels • 54% increase in digital bills, reaching 3.47 MM clients |
| <p>9 Invest R\$ 45 million in the development of electrical mobility technology until 2024
SDG 9, 11, 13</p> | <ul style="list-style-type: none"> • R\$ 16.2 MM invested in electrical mobility • We invested 25% less than planned for the year, due to delays in the importation of electric vehicles as a result of the pandemic. The investment were rescheduled for 2021 |
| <p>10 Offer to our clients low carbon solutions for their energy transition
SDG 7, 13</p> | <ul style="list-style-type: none"> • 13 projects registered with the potential to generate more than 1.5 million carbon credits/year • 3 projects registered for the commercialization of renewable energy certificates, with a generation potential of 420,000 RECs/year |



Society shared value

Commitment up to 2024

Results in 2020

- | | |
|--|---|
| <p>11 Invest R\$ 150 million in Energy Efficiency actions in Public Hospitals between 2020 and 2022
SDG 7, 9, 11, 12, 13, 17</p> | <ul style="list-style-type: none"> • R\$ 72.2 MM already invested in the CPFL in the Hospitals program until 2020 • R\$ 6.4 MM of savings/year estimated by reducing energy consumption • During the year we invested 79% of the amount planned, due to difficulty in accessing hospitals during the pandemic. The investments were rescheduled for 2021 |
| <p>12 Invest R\$ 200 million in Energy Efficiency actions toward low income communities until 2024
SDG 7, 9, 11, 12, 13, 17</p> | <ul style="list-style-type: none"> • R\$ 50.8 MM invested in these projects in 2020 • More than 103,000 families benefited |
| <p>13 Maximize our positive impact in the communities, investing at least R\$ 60 million in social projects until 2024
SDG 1, 3, 4, 10, 11, 12, 17</p> | <ul style="list-style-type: none"> • R\$ 25.1 MM dedicated to social transformation projects in 2020 • Donation of R\$ 6 MM to combat COVID-19 • More than 350,000 people benefited by social transformation projects |
| <p>14 Continuously seek to improve health and safety indicators, intensifying our actions towards employees, community and suppliers
SDG 3, 8, 17</p> | <ul style="list-style-type: none"> • Unfortunately, there were 4 fatal accidents among employees, something which had not happened since 2017. • There was a 50% reduction in fatalities among contract workers • There was a 32% increase in fatalities involving the public • See the initiatives in the following table. |
| <p>15 Integrate sustainability aspects in the monitoring process for 100% of our critical suppliers until 2024
SDG 4, 8, 12, 13, 16, 17</p> | <ul style="list-style-type: none"> • 82 critical suppliers assessed based on sustainability criteria in a pilot project • 205% of the target established for the year
GRI 308-1 / GRI 414-1 |

Commitment 14

Although we have advanced in the majority of our commitments and in spite of our efforts to guarantee the safety of our teams, we deeply lament the occurrence of four fatal accidents with company employees, two with contract workers and 25 with members of the public in 2020.

In addition to providing full support for the victims' families and team members, including psychological assistance, we investigated the incidents with a view to further reinforcing safety measures for all our stakeholder groups.

Safety is a maximum priority for us and we continue to intensify measures for employees, third-parties and society in general. These include the launch of the Year of Safety program, by means of which we will reinforce field inspections and the assessment of our procedures. In parallel we will continue with and intensify the Guardian of Life program. Information about this and other initiatives in the chapter Health and safety.

Sustainability management structure GRI 102-20; 102-26

In line with the guidelines set forth in our Sustainability Policy, management of sustainability in the company involves the following areas with their respective attributions, and is transversal to all the businesses:

Board of Directors: approves the Sustainability Policy, monitors the evolution of the Sustainability Plan and Platform, observing economic, social, regulatory and environmental aspects and CPFL Energia corporate governance directives;

Strategy and Management Processes Committee: monitors the Sustainability Plan and Platform and other related initiatives, raising any relevant subjects with the Board of Directors when necessary.

Board of Executive Officers: responsible for oversight of sustainability-related questions and for defining and ensuring compliance with principles and legal requirements related to the subject.

Legal and Institutional Relations area: analyzes and recommends subjects related to sustainability whose approval level is the Board of Executive Officers or Board of Directors, as well as ensuring compliance with principles and legal requirements related to the subject.

Sustainability Committee: monitors the Sustainability Plan and Platform, assesses and recommends the inclusion of socio-environmental criteria in decision making processes, proposes the elaboration of new projects and critical topics. The committee is also responsible for assessing trends in sustainability and how these could generate opportunities for the company.

Environmental and Sustainability Area: the area proposes strategies and ensures the implementation of the Sustainability Plan and Platform in our businesses, delivering results in the short and long term.

CPFL Energia employee





- > ENERGY OF THE FUTURE
- > DAM SAFETY
- > ENVIRONMENTAL MANAGEMENT
- > CLIMATE CHANGE

Sustainable energy

Tanquinho Solar Plant in
Campinas



Energy of the future

Contributing to a clean energy matrix in Brazil is one of our commitments. We have the target keep at least 95% from renewable sources in our generation portfolio until 2024.

As part of this strategy, in 2020 we celebrated the consolidation of the CPFL Renováveis integration plan, initiated in 2019. By means of the legal restructuring of the CPFL generation companies, the integration contributed to strengthening the structures and generating gains in synergy for the company, which gained a single Generation segment in all its projects. **GRI 102-10**

In 2020, we had a total of 4,305.2 MW of installed capacity in operation through CPFL Geração and CPFL Renováveis, with 110 MW in capacity under construction.

The plants in operation comprise 8 HPPs (1,966.0 MW), 2 TPPs (182.3 MW), 43 small hydroelectric plants (SHPPs) and 6 hydroelectric generating plants (HGP) (477.4 MW), 45 wind farms (1,308.6 MW), 8 biomass thermal electric plants (370.0 MW) and one solar plant (1.1 MW). **GRI EU1**

Under construction, there is the small hydroelectric plant Lucia Cherobim (28 MW), located in the state of Paraná, and four wind farms in the Gameleira Complex (82 MW) – Costa das Dunas, Figueira Branca, Farol de Touros and Gameleira –, located in the state of Rio Grande do

CPFL Geração and CPFL Renováveis have a total installed capacity of 4,305.2 MW in operation

Norte. Scheduled to come into operation by 2024, we managed to bring the Gameleira execution deadline forward to 2021. We progressed in the other works as scheduled. We also have a pipeline of wind, solar and small hydroelectric plant projects totaling 3.350 MW.

Wind tower



COMMITMENTS



SDGS ACHIEVED



ASSET OPERATION AND MAINTENANCE GRI EU6

To maximize operational efficiency we maintain investments in the insourcing of our assets. Within this context, worthy of note in 2020 was the absorption of the operation and maintenance of the Macacos wind farm (Juremas Energia, Macacos, Pedra Preta Energia and Costa Branca Energia) (RN), as well as the recovery of the availability of the Foz do Rio Choró, Icaraizinho, Paracuuu, Praia Formosa, Bons Ventos, Canoa Quebrada, Enacel, Taíba Alabatroz, Canoa Quadrada RV and Lagoa do Mato (CE) farms to the level of 93%, after the plan undertaken in 2019.

preventive substitution of the conduits of the Novo Horizonte small hydroelectric plant (PR) and the medium voltage grid of the Bloco Norte Wind Complex, which comprises the Santo Dimas, São Benedito and São Domingos plants (RN), in order to mitigate risks and ensure greater quality and reliability.

To ensure constant accompaniment, we inaugurated the Asset Monitoring Center, an advanced engineering unit that uses sensors installed in the generation units that communicate remotely with the operating systems.

Furthermore, investments in technologies such as data analysis and machine learning tools enable the identification of possible failures. These are fed into the preventive maintenance plans contributing to higher availability of the generation plants.

CPFL Renováveis has a maintenance management system in which the maintenance and inspection plans for each plant are registered, including information about frequency, the number of technicians and the tools to be used.

This system enables the programming of the activities of the field teams in conjunction with the plant supervisors, thus guaranteeing that the scheduled maintenance takes place. The technology also enables the verification of whether the number of technicians in the plants is sufficient for the amount of activities contained in the planning. It also includes records of all incidents and all the procedures involved in the release and approval of the services undertaken in the field.



We invest in technologies that contribute towards a predictive approach

We also re-established the operation of the small hydroelectric plants Varginha and Varzea Alegre (MG), after the flooding of the powerhouse in consequence of the unprecedented rise in level in January 2020. Generation was resumed in July 2020, after the intense repair work done by our teams. We also invested in the

SDGS ACHIEVED



Highlight in availability



As a result of the recovery of equipment under the management of CPFL Energia itself since October 2019, we have identified an increase in the availability of our wind farms, which reached 96.7% in the period, an increase of 2.9% compared with the previous period, with a consequent increment in the generation of wind energy. As a result of this process, additional generation revenue of R\$ 40 million is projected.

Dam safety

GRI EU21

The safety of people, processes and our assets is an essential value in the execution of our activities. In the Generation segment, we undertake dam management at our hydroelectric units in compliance with the National Dam Safety Policy introduced in 2010.

According to the legislation, all generation units must be classified in terms of potential risk and damage in the event of the rupture of the dam. The more critical

structures (classified as A or B) must have Emergency Action Plans (PAE), which are filed with the competent authorities. This document provides support in the response to emergency situations with safety control procedures and contingency plans for the municipalities.

Within this context, all our units classified as B (we do not have any asset classified as A) have their respective Dam Safety Plans (PSB), which comprise risk miti-

gation actions and measures in the event of non-conformances. As part of the Dam Safety Plan, the Emergency Action Plans for these plants were duly filed with the local governments and civil defense authorities for incorporation into local contingency plans.

Additionally, to ensure the reliability of these structures, we conduct inspections of the conditions of the dams using advanced equipment and internationally recognized

We conduct inspections on the conditions of the dams using advanced equipment and recognized methodologies

methodologies. Dedicated teams at each one of the plants are responsible for monitoring the high precision instruments installed in the structures, as well as for filing the information in the Dam Safety Management System (SGSB). Using a data bank and cloud computing resources, this digital tool permits the management of dam behavior in real time. In addition to analysis of the data monitored, an engineering team conducts regular inspections to attest to the performance of the assets.



Arvredo SHPP – SC

TRAINING IN CONTINGENCY PLANS GRI EU21

All employees involved in the operation of our plants receive annual training in response to incidents in the dams, in line with the Emergency Action Plans. This training involves a theoretical component and drills.

For the other activities and areas — such as Distribution, Call Center, Shared Service Center and client service — procedures related to the specific risks of these activities established in the emergency action plan are adopted. This also involves peri-

odic training, with instructions and drills.

The company has standards that address questions relative to environmental emergencies. These describe the procedures to be adopted for the diverse types of incidents to which the company is subject. We provide local contingency kits for small oil leaks, and we have a contract with a company for emergency responses in the event of more serious incidents, in addition to environmental insurance.

It should be noted that by means of the Environmental Management System, we identify the significant aspects and impacts of our operations and develop measures to mitigate risks. Further information in Environmental Management.



All plant personnel are trained to deal with any incidents arising in the dams

Innovation in dam safety

To further reinforce processes for monitoring dam safety, we have three research and development (R&D) projects:

- **Finite elements:** this project seeks to build a real-time monitoring system for dams using the finite element method, based on topographical data and automated instrument readings. The system will also allow us to carry out simulations in the structure under different scenarios.

- **Slope Monitoring:** this involves the three-dimensional reconstruction of the dam slopes through images captured by specialized drones. In addition to monitoring the integrity of these structures, the project will permit safety and maintenance interventions.

- **Tunnel Inspection:** this is focused on enabling the inspection of adduction channels via the development of an autonomous underwater vehicle for 3D mapping.

SDG ACHIEVED



Environmental management

At CPFL Energia, we seek to mitigate negative impacts, maximize positive impacts, as well as ensure the efficient use of resources in conducting our activities. We have an Environmental Management System (EMS), which comprises guidelines and processes in line with the legal requirements applicable to the company's generation, transmission and distribution assets and its solutions. Therefore, in ad-

dition to ensuring the compliance of our operations with environmental licenses, we employ our investments in projects that generate value throughout our chain.

Additionally, given the diversification of the segments in which we operate, with distinct interactions with the surrounding ecosystem, we develop our initiatives in accordance with the specificities of each business. **GRI 102-11**

Our diligence in managing environmental impacts ensured ISO 14001 certification for CPFL Santa Cruz in 2020. During the period, our distributors concluded

another cycle of external audits with the renewal of the following certifications: ISO 9001:2015 — Quality Management System; ISO 14001: 2015 — Environmental Management System; ISO 27001 Information Security; and ISO 45001:2018 — Occupational Health and Safety Management System.

We also celebrated the maintenance of the certification of our Equipment Refurbishment operation in accordance with ISO 14001 (environmental management) and ISO 9001 (quality management) standards. Further information in waste management and reverse logistics.

SDGS ACHIEVED



Environmental licensing

GRI 103-1, 103-2, 103-3, 307-1

Environmental licensing processes are supported by preliminary studies that identify the potential effects of our projects, and we apply the precautionary principle to minimize these impacts and mitigate risks. In the other project phases, we use efficient construction techniques and operational control systems to avoid damage to the environment.

Worthy of note in 2020 was the licensing of the Itá – Pinhalzinho and Itá-Xanxerê transmission lines (CPFL Sul Transmissão I), located in the state of Santa Catarina. Due to the pandemic, in conjunction with the state environmental agency we organized a virtual public hearing in which more than 140 people participated. This guaranteed the principle of public participation in the licensing process, with the use of innovative digital tools to enable the proper observation of due process.

Biodiversity

GRI 103-1, 103-2, 103-3, 304-2

At CPFL Energia, it is our understanding that the businesses with the greatest potential to affect biodiversity are the generation plants and the transmission lines, particularly during the installation phase. We conduct environmental impact studies in accordance with the legislation and our EMS to identify possible changes in the ecosystem and to generate mitigation and compensation plans.

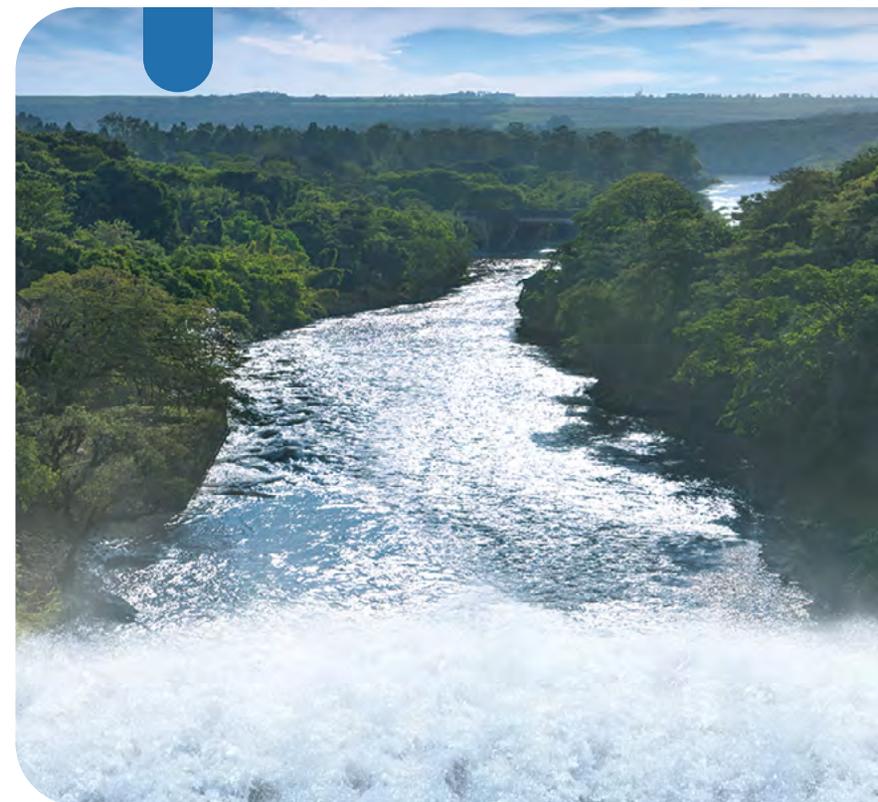
Assets under construction GRI 102-11

During the asset implementation phase, the main negative effects are related to the reduction in vegetation coverage, temporary alterations in the quality of water, air and soil and modifications in the hydrological regimes of rivers. In the environmental studies undertaken, we classify the impacts by nature, duration, extension and reversibility. In compliance with the requirements stipulated by the competent authorities, we propose plans and programs to minimize any adverse impacts, maximize positive impacts and to ensure adequate compensation for any effects that may not be mitigated.

In the transmission and distribution segments, the construction of the transmission lines represents the greatest potential for impact, given that in many cases it is necessary to suppress vegetation, which affects the landscape and the local flora and fauna. To minimize the need for intervention, we seek to design the route with the lowest adverse effect possible and in stretches where it is not possible to change the location of towers and cables, we increase the height of the structures to avoid interaction with the local vegetation.

This involves using technological alternatives such as the definition of the Project Environmental Assessment Index (IDAP). This uses geoprocessing tools in the Geographical Information System to simultaneously analyze diverse socio-environmental variables, permitting the adoption of restrictive parameters and enabling a comparative analysis of routes so that the most favorable alternative may be selected.

Whereas in CPFL Renováveis construction projects the most significant impacts on biodiversity are mitigated by means of environmental programs aimed at local flora and fauna. During the implantation of the Gameleira Wind Complex, 85 individual animals were rescued and relocated to adjacent areas not affected by the implantation of the project. Regarding flora, one vulnerable species was identified within the area of the project. All the specimens



PCH Americana - SP

were collected and replanted in adjacent areas, they were therefore unaffected by the suppression and were preserved. In terms of suppressed vegetation, the volume of forest belonging to the Atlantic Rainforest biome was compensated in the form of forestry conservation of an area equivalent to 56 ha; in the Caatinga biome, an area of approximately 5 ha will be replanted. **GRI 304-2**

Another factor analyzed is the interference the works may cause in the life of the community. The installation causes a temporary increase in population, related

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principally to the fact that the projects are located in the neighborhood of small communities, and cities with small populations, where the arrival of the new works could cause an alteration in the local way of life, put pressure on infrastructure and cause increased traffic on local thoroughfares, among other aspects. On the other hand, there may be positive indirect economic impacts, such as the generation of employment in the region, an increase in the municipal taxes collected and incentives for the growth of the local economy.

GRI 413-2.

With a view to minimizing the impacts on the local community, we have the Social Communication Center (CEC). This is located in the Boqueirão community

and provides the community with clear transparent information aimed leveraging the positive effects of the project. The interactions involve meetings, interviews, the delivery of information in the form of graphics, field visits, events and the CEC Ombudsman channel.

In this project, five small communities close to the Wind Complex (Vila Mayne, Vila Israel, Vila Assis, Comunidade Geral and Baixa do Quimquim) benefited from the organization of vocational courses aimed at encouraging female enterprise and increasing family income. Courses such as sweet production and cutting and sewing for seamstresses benefited over 50 families.

The Comunidade do Geral also benefited from the construction of a square in the community using material that would have been discarded after the construction of the Wind Complex. This provided a leisure alternative for around 300 families that live in the community.

We also conduct a Weekly Safety Dialogue with the employees on work sites. These cover topics such as respect for the community, prevention of sexually transmitted diseases and the use of drugs. We provide each employee with a handbook on good conduct. **GRI 102-42**

Worthy of note in 2020 was the Family Agriculture Sustainable Production project, which involves consultancy and training for agricultural producers in six communities close to the Gameleira Wind Complex, related to pest management and logistics for groups working with tubers, fruits and honey. With 90 direct beneficiaries, the initiative contributes towards improved production, income generation and the inclusion of products and services for the the local and regional economy. Other training courses were organized on entrepreneurship and income generation,

as were talks on the prevention of breast cancer, among others.

We continued with the works related to the lots from the 2018 auctions. In Rio Grande do Sul, in addition to the works in Vila Maria (RS), initiated at the end of 2019, in 2020 we started the construction of the Porto Alegre I sub-station and the underground transmission lines in Porto Alegre, capital of the state, and the Osório 3 Sub-station and the Osório 3 – Gravataí 3 transmission line (CPFL Sul Transmissão II). In the state of Ceará, work was begun on the Maracanaú II Sub-station and its extension. In spite of the potential for socio-environmental impacts, no negative aspects were observed during the year.

GRI 413-2

In Baesa, Ceran and Enercan, the negative impacts on the local community occurred during the implantation phase of the project, with the removal of the families to other locations. With the implementation of socio-environmental projects and support for local projects we sought to minimize and offset these impacts.



Construction of Gameleira Wind Complex – RN

We undertake impact studies in accordance with the pertinent legislation and the company's Environmental Management System

Foz do Chapecó completed 10 years in operation. Since it is a consolidated venture, located in a rural area, there are no significant impacts on the local communities. Even so, the company maintains diverse communication channels with the community and its leaders, monitoring these contacts monthly to assess community demands. **GRI 413-2**

Assets in operation

Regarding the flora in assets in operation, the company undertakes planting and maintenance of the vegetation with its Degraded Area Reclamation Programs (PRAD in the Portuguese acronym) and, in the case of reservoirs, the planting and conservation of vegetation in the surrounding area (Permanent Preservation Area or APP).

Regarding local fauna (aquatic, terrestrial, birds or bats) possible adverse effects are assessed according to environmental monitoring programs in accordance with the fauna in question. In the case of the wind complexes, the main adverse effects are related to the collision of birds and bats with the turbine blades. Specific monitoring programs are implanted to accompany and mitigate these events.

The main adverse impacts in hydraulic generation sources are related to the potential interference in the reproductive cycles of species. Constant monitoring is undertaken in both situations, with a view to controlling impacts and anticipating mitigation measures. It should be noted that the results of the fauna monitoring programs are filed with the competent environmental bodies, enabling the necessary accompaniment and demon-

strating the environmental efficiency of the projects and their respective control measures.

We undertake the maintenance of the environmental preservation areas surrounding the projects, contributing to the re-establishment of biodiversity and the availability of suitable habitats to ensure protection of species, including those cataloged in local extinction lists. In our operations, we conduct environmental monitoring programs encompassing water quality, flora, fauna, environmental education, social communication and other initiatives, in accordance with specific local requirements and requisite measures in environmental licenses. All the programs ensure constant management of the impacts and effects of our projects on the environment and on the local community.

Biomass Plant – MG

Respect for nature

Our commitment to biodiversity ranges from company policies to the activities of our teams in the field. During the exchange of a post in the municipality of Santa Cruz (RS), RGE employees encountered the nest of a green-billed toucan with chicks in it. Therefore the team opted to saw the old post at the height of the nest, and fix the new structure on to this in order to preserve the family of toucans. This eliminated the risk of the chicks falling and mitigated the environmental impact.



Innovation in managing vegetation

We have a series of projects to predictively automate the inspection of vegetation via imaging around urban networks. In addition to reducing the exposure of workers, the initiatives ensure greater effectiveness and quality in pruning.

These include projects to identify, map and optimize pruning requirements. Another

project involves the planning of pruning, registration of the type of vegetation and the organization of field activities. Moreover, we are currently developing a vehicle equipped with tools that permit automated pruning.

For the transmission lines, we have an initiative that involves the use of artificial intelligence in satellite images to monitor socio-environmental risks for the safety of transmission line corridors, such as vegetation growth, invasion, susceptibility to fire and erosion processes.

SDGS ACHIEVED



CPFL Group Vegetation Stewardship

In the Baesa, Enercan, Ceran and Foz do Chapecó generation plants, the major impact on biodiversity is due to the formation of the reservoir which affects local vegetation and impacts flora and fauna in the region. Since the projects are already in operation, the impacts are mitigated through the implantation of the environmental programs provided for in the environmental license, principally involving forestry replenishment. Furthermore, the company conducts audits and analyses to verify compliance with legislation and environmental protection rules.

Waste management and reverse logistics

GRI 103-1, 103-2, 103-3, 306-1, 306-2

CPFL Energia's environmental management ranges from initiatives prior to the construction of assets, to the proper management and disposal of waste and materials from our activities. In line with our Sustainability Plan, we assumed the commitment to refurbish at least 40,000 pieces of equipment until 2024. These include transformers, voltage regulators, reclosers, among others. We are also committed to recycling or channeling 100% of the main network components to reverse logistics chains.

Based on the concept of the circular economy, we seek to promote the reduction, reuse, recovery, recuperation and recycling of materials, in order to reuse elements in

our value chain, reducing the extraction of raw materials from the environment and the consumption of natural resources.

Within this context, one initiative of note is our Equipment Refurbishing unit located in the state of São Paulo. Each month, we evaluate around 1,200 transformers and voltage regulators that would otherwise be discarded. We manage to refurbish approximately 80% of them.

Additionally, the reverse logistics chain is aimed at ensuring the proper disposal of materials that it is impossible to reuse. The triage process occurs in a safe environment, with measures in place to minimize environmental impacts.



CPFL Energia Equipment Refurbisher

COMMITMENTS



SDGS ACHIEVED



Equipment Refurbisher in 2020

939 tons
of materials reused, reducing waste generation, including mineral and vegetable oil and copper wiring

432 tools
reconditioned

128 direct jobs
generated in CPFL Serviços for the refurbishment of equipment

174 recloser
units refurbished

More than 50 suppliers
trained and approved

9,807 transformer
units refurbished

177 voltage regulator
units refurbished

R\$ 32.4 million
in gross revenue from equipment refurbishment

Reverse logistics chain numbers in 2020

Proper disposal of:



212,200
crosshead
units



6,300 tons
of aluminum,
copper and
iron scrap



4,700
transformer units



845,200
15 KV
equipment units



**62 direct
jobs**
generated in
CPFL Serviços
for reverse
logistics



190,200
post
units

COMMITMENTS



SDGS ACHIEVED



Tanquinho sub-station in Campinas – SP

In 2020, we initiated the expansion to the Southern region, with the inauguration of a CPFL Serviços Reverse Logistics Chain in the city of Santa Maria (RS). The structure has 43 employees dedicated to the management of materials removed from the grid, the identification and classification of these materials and the refurbishment of this equipment for reuse in the power grid.

The expectation is to increase the volume of material for the reverse logistics chain by 4,000 tons and to obtain revenues of approximately R\$ 15 million from sales.

In 2020, in compliance with the requirements of law n° 12.288/2006, which governs the controlled elimination of PCBs (a substance found in the isolating

oils used in electric equipment) and its residues, in São Paulo, we concluded the decontamination process, removing from the grid all the transformers, capacitors and other electric equipment identified as containing PCBs.

The work engaged the Environment and Asset Management teams in ensuring the equipment was properly decontaminated or replaced. The plan also provides for the acquisition of mineral oil transformers, adjustments in manufacturers' contracts, with two audits per year, and the requirement of PCB inspection reports for purchases, among other activities. For Rio Grande do Sul, federal legislation requires proper disposal of these materials by 2025.

Climate change

Climate change can represent significant impacts for diverse sectors of the economy, including the power sector, which is the global leader in GHG emissions, being responsible for 73% of the total, according to the World Resources Institute (WRI).

Given this situation and backed by State Grid's strong commitment in this area and as leaders in the generation of energy from renewable sources in Brazil, we are publicly committed to the transition to a low carbon economy. To achieve this, our initiatives are centered on four major action fronts, presented ahead.

COMMITMENTS



SDGS ACHIEVED



Our journey in combating climate change



Emissions Management

- Elaboration and verification of GHG emissions inventory (scopes 1, 2 and 3)
- Establishment and implementation of GHG emissions reduction initiatives
- Monitoring of emissions targets

Driving innovation

- Incentives for technological innovation, research & development and energy efficiency projects
- Development of innovative solutions for generating energy from renewable sources

Risk management and climate opportunities

- Identification and management of risks and vulnerabilities, focused on mitigation and adaptation to climate change
- Identification and management of opportunities, prioritizing the conception of new low carbon products, services and/or business models
- Working with carbon pricing

Engagement and dissemination

- Incorporation of climate change related criteria into supplier selection and development processes
- Incentives for the adoption of energy transition solutions by our clients
- Participation in initiatives that seek to propose and share good practices related to mitigation and adaptation to climate change
- Dissemination of company's main actions, indicators and targets in this area

Greenhouse Gas (GHG) Management

GRI 103-1, 103-2, 103-3, 305-1, 305-2, 305-3, 305-4

Identifying and measuring the company's own impact is the first step towards a climate strategy. CPFL has conducted its GHG Emissions Inventory since 2009. In 2011, we joined the Brazilian GHG Protocol Program and obtained the Gold seal, granted to complete reports verified by a third-party accredited by Inmetro (Instituto Nacional de Metrologia, Qualidade e Tecnologia).

We map and manage the main emissions sources throughout our operation. We mapped and calculated 11 emissions sources, divided into the three scopes of the GHG Protocol tool.

In 2020, our Scope 1 emissions (direct) totaled 307,828 tCO₂, a 27.6% reduction compared with the previous year, due to lower fuel consumption at EPASA, the reduction in the suppression of vegetation and changes in the use of soil.

In scope 2 (consisting mainly of technical losses in distribution), we totaled 290,661 tCO₂ in the year, representing a reduction of 19.1% in comparison with 2019, due to the reduction in the factor used by Brazil's national grid system (SIN) and to the decrease in technical losses.

In scope 3, we recorded 13,190 tCO₂, a 59.7% decrease compared with 2019, due to better mapping and definition of the emission sources of this scope. Even with the emissions from works for remodeling and building new generation assets, such as the Gameleira Wind Complex, the company posted a decrease in emissions.

Based on the data measured, we studied mechanisms to reduce GHG emissions in company operations, developing improvement projects in different areas:



Fleet: pilot initiative to electrify 100% of the operational fleet in CPFL Piratininga in Indaiatuba-SP;



Energy: reduction in energy consumption in buildings by using automatic presence sensors and eco-efficient equipment;



Automation and digitalization: connection between remotely operated equipment and the Integrated Operations Center, enhancement of communication tools with clients, digital bills, telemeasurement and self-healing;



Line routes: reduction in suppression of vegetation in the construction of transmission lines and distribution by means of intelligent routes and/or adjustments in the height of equipment to avoid interference with the vegetation;



Stationary combustion: innovative solutions to optimize and minimize fossil fuel consumption in our thermoelectric complex.

SDGS ACHIEVED



Digital bills reduce emissions

An example of an initiative undertaken in 2020 to measure the reduction in emissions was the comparative study of the carbon footprint of the physical bill and the digital bill. We quantified the total GHG emitted directly or indirectly by the energy bill throughout its life cycle,

from the extraction of raw materials to final disposal. The result demonstrated that the carbon footprint of the digital bill is 95% lower than that of the physical bill, which indicates a great gain in efficiency in terms of GHG emissions.

Mapping and risk management and opportunities

GRI 102-1, 103-2, 103-3, 201-2

Given the potential for positive and negative impacts from the intensification of climate change for the company — on its operations, on revenues, on expenditures and on our business model —, we have classified and we manage both the risks and the opportunities.



RISKS OF TRANSITION TO A LOW-CARBON ECONOMY

- **Legal and political:** carbon taxation
- **Technological:** risks of not realizing at the right pace the innovations in solutions and processes necessary given the increasing demand for low carbon products and services
- **Market:** risks associated with electricity market trends related to the opening of the market and the migration of clients to the free market
- **Reputational:** This ranges from the non-management of our stakeholders' expectations related to the transition to a low carbon economy, to the risks to image due to possible interruptions in power supplies as a result of extreme climatic events

SDGS ACHIEVED



Based on Task Force for Climate-related Financial Disclosures (TCFD) methodology, an initiative to which we are signatories, the classification takes into account the following categories:



PHYSICAL RISKS

GRI 201-2

- **Chronic:** ranging from the impact on water levels in the reservoirs for hydroelectric plants to possible instability in wind, solar and biomass generation due to climate changes, among other factors
- **Acute:** potential maintenance costs and losses to installations due to extreme climatic events and the reimbursement/indemnities to clients for damage to their electrical appliances caused by climatic phenomena



HYDROLOGICAL RISKS

- **In an unfavorable hydrological scenario,** the hydroelectric plants may be obliged to purchase energy from other sources (thermal, for example) to honor their contracts, which could generate additional costs for the entire system. We have renegotiated this risk for the majority of our plants, but some of our assets still leave us exposed



OPPORTUNITIES

GRI 201-2

- **Energy source:** strengthen an energy matrix less dependent on fossil fuels based on the company's vocation for renewable fuels
- **Resource efficiency:** expansion of energy efficiency services to reduce our clients' energy consumption
- **Markets:** growth in distribution due to the increase in the consumption of ventilation and refrigeration systems, and in CPFL Soluções, by means of projects that support the energy transition for our clients
- **Resilience:** differentiation of the company due to a safe, reliable and eco-efficient network
- **Products and services:** opportunities to offer carbon credits, renewable energy certificates (I-REC – International Renewable Energy Certificates); and market demand for electric mobility technologies.

Going beyond the classification of risks and opportunities, we manage each aspect mapped by means of initiatives ranging from investments in innovation in development projects related to the future of the electricity sector and in continuous improvements to the Distribution networks, to participation in River Basin Committees and geographical diversification in generation.

Leadership of Carbon Disclosure Project (CDP) ranking

In 2020, CPFL Energia received a distinction in the Leadership Category of the Carbon Disclosure Project (CDP) Climate Change ranking, which provides incentives for companies and governments to reduce greenhouse gas emissions.

In addition to evolving from level B to category A- in Climate Change, the company remained in the market median, with level B in the item Water Security, among the 9,600 companies that responded to the questionnaire. The company was also recognized by the CDP as a Supplier Engagement Leader for its work in engaging suppliers to combat climate change. With an A score, the highest on the questionnaire. In this item we achieved an A score, the highest granted by CDP.

Also worthy of note was the company's listing on the B3 Carbon Efficient Index, as of 2021. This recognizes companies that employ emissions reduction practices.

Financial impact GRI 201-2

Aware of the potential financial impacts of climate change on the company, we assess and measure the risks and opportunities in this area. The assessments include, for example, carbon pricing mechanisms.

In the event of introduction of carbon taxation, one generation asset that could be impacted is EPASA, in which we hold a 53.3% stake. This functions only on a dispatch order from the National System Operator (ONS), therefore, there are

variations from one year to the other. As such, the potential financial impact is estimated at between R\$ 855,000 and R\$ 8.55 million.

Regarding opportunities, we have 11 projects filed with the Clean Development Mechanism (CDM), with a revenue generation potential ranging from R\$ 4.9 million to R\$ 49.4 million.

Wind complex Santa Clara - RN



Low carbon solutions

GRI EU5, GRI 201-2

Also in relation to opportunities, in addition to prioritizing clean sources, we offer low carbon solutions and decarbonization of the energy matrix of our clients, such as energy management to drive lower consumption, access to the free market and the implementation of energy efficiency measures, as well as GHG emission neutralization and offsetting measures by means of carbon credits and renewable energy certificates.

Carbon credits (CERs)

We offer companies the possibility of fully offsetting their scope 1 (direct), scope 2 (indirect generated from the consumption of energy) and scope 3 (sources not controlled by the company) emissions. We invest in the registration, revalidation and verification of projects issuing carbon credits. We already have 13 projects registered, both in the regulated market – Clean Development Mechanism (CDM) – and in the voluntary market – Verified Carbon Standard (VCS/VERRA), with the potential to neutralize around 1.5 million tons of GHG annually.

In 2020, we revalidated five CDM projects, extending the credit period up to 2026. We also verified the Santa Clara and Eurus

VI project, generating 250,000 credits for commercialization. For 2021, we project the revalidation of another two projects, as well as new verifications for the generation of credits for commercialization.

Additionally, we enrolled in the Santa Clara and Eurus VI project in the call for proposals for the Programa Compromisso pelo Clima (Climate Commitment Program), for companies wishing to support socio-environmental projects and foster a low carbon economy by offsetting their GHG emissions jointly. After a due diligence process conducted by an independent company, our project was integrated into the platform.



Santa Clara Wind Complex - RN

Renewable Energy Certificate System (I-RECs)

We registered the generation plants for the issuance of I-RECs, in addition to registering CPFL Soluções for the sale of the certificates. This ensures agility in the process and the availability of renewable energy certificates for our clients. Considering our generation portfolio, we have the capacity to commercialize around 7 million I-RECs per year.

Furthermore, in partnership with CPFL Soluções, we trained the sales team during the year and started offering the product to our clients. We also conducted training in this area for the market.

In 2020, we had three projects registered in the I-REC (SHPP Santa Luzia, Eurus I Wind Plant; Praia Formosa Wind Plant) and another two in the process of registration (Vento de Santo Dimas Wind Plant; Ventos de Santa Úrsula Wind Plant).

COMMITMENTS



SDGS ACHIEVED



In 2020, we sold

More than
250,000 CERs and
40,000 RECs



Smart solutions

Employee navigating CPFL app.

- > SMART SOLUTIONS
- > SMART BUSINESS
- > CLIENT IN THE CENTER
- > INNOVATION AND TRANSFORMATION

Smart Solutions

To guarantee the quality of our services, the best experience for our clients and the capture of opportunities from the evolutions in the power sector, we constantly pursue innovative solutions and new technologies.

In line with our investment plan projected for the year, in 2020 we allocated R\$ 2.3 billion for measures to improve the quality of distribution and client service in our

concession area. We will invest a total of R\$ 13.3 billion in service quality and client service up to 2025.

In this regard, we are prioritizing projects ranging from automation and modernization for better asset management, with the use of artificial intelligence, to the digitalization of field teams and service channels to ensure greater convenience for our clients on their journey with CPFL Energia.

Electric Vehicle in the Electric Mobility Project



SDGS ACHIEVED



Investments linked with reliability and availability in energy distribution (R\$ million) GRI EU6

	2018	2019	2020
Client service ¹	283.8	293.8	367.6
Support for market growth	228.8	400.4	527.9
Maintenance and improvements of electric system ²	997.5	1,154.1	1,291.9
Other	259.5	185.0	129.4
Total	1,769.6	2,033.3	2,316.8

1. Includes recovery of commercial losses. Special obligation net amounts.
2. Includes special projects, personnel capitalization, MSO and logistics operator.

Investments focused on innovation

- Client focus and digitalization of service channels;
- Automation and modernization of asset management;
- Installation of smart meters;
- Robotization in internal processes (RPAs);
- Integration of renewable generation and transmission assets operation centers;
- Research & Development, focused on electric mobility, microgrid and smart cities.

Smart businesses GRI EU6

Innovation, automation, digitalization, use of algorithms and artificial intelligence are part of our investment priorities to stay abreast of the evolutions in the power sector and improve the quality, safety and reliability of our services.

During the period, we advanced in development projects such as the ADMS (Advanced Distribution Management Systems) program, the implementation of which was concluded in the distributor CPFL Piratininga in 2020. In 2021, the program will be implemented in the distributors CPFL Paulista, CPFL Santa Cruz and RGE.

The ADMS establishes a new paradigm in the way in which the Operation Centers manage the electricity networks. This is because it provides real time information about a series of technical variables that influence the quality of the energy supply,

optimizing and promoting greater efficiency in the management of the entire distribution network in the 687 municipalities and for around 10 million clients.

As part of the program, our distributors are equipped with the SCADA supervisory and control system, and OMS, incident management system, which will be updated to a single platform which will include two additional functionalities, DMS and EMS, which enable respectively analysis and optimization of the distribution and sub-transmission system. These modules are concentrated on the same ADMS platform, with a single data model and user interface, which includes records, advanced functions, a simulation module and training modules etc.

A new organizational structure was created for the programmed updating and implementation, led by the Distribution Operation area. As a result, management of the ADMS program was divided between two projects and two work fronts for the implantation of the ADMS in substitution of the current systems; its integration with the satellite systems, such as SAP; the mapping of processes related to the systems; and the preparation of personnel for the changes by means of training programs.

In 2020, we also initiated the dynamic automation of the dispatch of teams for

emergency and unplanned incidents. In real time and with the use of geolocation, the tool will permit the better allocation and planning of teams regarding field activities by optimizing routes, reducing client service times and costs.

Another initiative was the implementation of the project to unify the Network Intervention Programming Systems in Distribution (SPIR). This is a corporate, cross company system integrated with the ADMS. The SPIR enables the management of programmed interventions both in transmission and in distribution, encompassing the dispatch of emergency teams, for all the distributors.

We have advanced in electric network management development projects

The programmed intervention module has a series of functionalities, such as notification of interruptions for clients, management of the team responsible for execution, interaction with agents from other distributors, management of maneuvers, among others.

Meanwhile the heavy maintenance team activation module is distinguished by its automatic scheduling, resulting in great

COMMITMENTS



SDGS ACHIEVED





agility and speed in interventions. This module also has other functionalities, such as triage and automatic dispatch, monitoring of service and generation of automatic alerts, photo management, electric grouping and prioritization, as well as an associated package of indicators.

The implementation of the SPIR system enabled greater availability and improved organization of information that helps in decision making and effective action, minimizing the impact on clients, both in normal situations and in contingency situations of the CPFL energy distribution system.

Still focused on service quality, we implemented Planning and Production Control

(PCP), with the intelligent use of data enabling optimization of synergies between the commercial teams and field work. Also worthy of note is the research & development project using artificial intelligence to identify irregular incidents with equipment in the operation.

Another initiative focused on increasing the efficiency and quality of supply involved the implementation of the real time Monitoring Cell. The structure undertakes analyses of things such as telemetric alerts, indication of stopped vehicles, cases of unavailability, as well as other situations that could impact our indicators, communicating opportunities for improvements identified to leaders and guaranteeing differentiated results.

Energy sub-station



Smart sub-stations

In CPFL Paulista, we concluded a smart sub-station pilot project in São Carlos (SP). The scope of the project, contracted from Siemens with a total investment of R\$ 1.7 million, was the complete digitalization of the protection and control system, with full interoperability between equipment from different suppliers.

As a result there was a 70% reduction in the use of materials and services for the installation of copper cables, greater operational safety and mitigation of the risk of theft of cables. Additionally this shortens the time necessary for the execution of the field activities.

Another highlight was the project to build a new sub-station in the port of Santos. This will have a compact solution with an upgrade to 60 MVA installed. With a projected investment of R\$ 37 million, the technology will reduce the exposure of the system, because it uses gas protected equipment. Furthermore, compared with a conventional sub-station, the area necessary for the installation is around 80% smaller. The improvements will contribute to serving the main port in the country, responsible for exporting 90% of São Paulo's industrial production.

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We also invested in automatic reclosers, capable of resuming operation automatically when there are unwarranted interventions in the network.

At the end of 2020 we reached a total of 13,075 reclosers installed in all the distributors in the network, a 15% increase over 2019. One of the commitments in our Sustainability Plan is to invest a total of R\$ 350 million in network automation by 2024, to drive significant increases in supply interruption indicators and to optimize the deployment of maintenance teams.

In addition to exchanging posts in rural areas, to ensure greater network reliability and safety, we have invested in mobile sub-stations as a contingency for possible interruptions, as well as in technology for programmed outages due to works.

In CPFL Soluções, we implanted the Works Management System, compatible with the other systems and the automation of mobility for field teams.

SMART NETWORKS

Smart, interconnected and automated networks represent a new era for the power sector, since they involve a wide range of technologies that have the potential to contribute to the capture of opportunities linked with the transformations underway in the energy market. In view of this, telemasurement of our

clients' consumption is one of the company's priorities.

In 2020, we concluded the CPFL Santa Cruz pilot project, initiated in 2018 throughout the municipality of Jaguariúna (São Paulo), in an area with around 51,000 inhabitants.



We concluded the telemasurement project in Jaguariúna (SP)

Smart meters

- 100 % of group A with telemetering via 35,095 meters installed in the group
- Additionally, 22,094 smart meters were installed in group B (Jaguariúna)



A total of 22,000 conventional meters were replaced with smart meters with additional functions for low voltage (group B) clients.

The project also involves the construction of the company's own communication infrastructure, using four different technologies.



With telemeasurement via application our clients can identify peak hours and adapt their routine to drive efficiency and savings

The purpose of the initiative is to create inputs to help CPFL in the construction of a transition plan to telemeasurement, which is more efficient and safer. For the coming years, we will continue to assess the technologies used, monitoring the results from the smart meters.

Moreover, in October we concluded the substitution of 5,448 meters for 100% of RGE group A clients. The initiative involved a training program for all the employees

engaged in the project to ensure the correct and safe use of tools and equipment.

With the installation of this technology, our clients are able to monitor their energy consumption by means of applications, which indicate the days and times of higher consumption. This enables them to adapt their routines to achieve greater efficiency and savings.

For the distributors, the smart meters transform the entire network operating model, enabling real time updates to optimize emergency responses to possible interruptions caused by events such as storms and the detection of delinquency, which contributes to the preventive mitigation of technical losses.

The automation and digitalization of supply monitoring and consumption billing processes also contribute to greater quality and agility in service, as well as to the capture of opportunities. With the use of machine learning, the data from the smart meters permit the offer of services based on use, climate and other factors, which could also contribute to reducing CO₂ emissions. For 2021, the goal is to use the experience accumulated with the project to evolve in the smart network business plan.



Biomass Plant

SDGS ACHIEVED





SUPPLY QUALITY

GRI EU28, EU29

As a result of our investments and initiatives, in 2020 we saw improvements in a major part of our quality and energy supply reliability indexes, measured principally by the indicators equivalent outage duration (DEC), which measures the average duration in hours per consumer per year, and equivalent outage frequency (FEC), which indicates the average number of interruptions in supply per consumer per year.

In 2020, we achieved a reduction of 13% in the duration indicator DEC and 8% in frequency (FEC) on a consolidated basis for the distributors, compared with 2019. The equivalent complaint frequency (FER) — which measures the number of substantiated complaints received by the distributors for each thousand consumer units — was 3.88, which represents a reduction of 1.3% compared with 2019 and 82.7% compared with 2015.

Worthy of note, especially considering the adverse situation during the year, were the advances in the Distribution works. We delivered five major network expansion works

SDGS ACHIEVED



for CPFL Santa Cruz. In CPFL Piratininga, we delivered a gas insulated sub-station, which is much more compact than a conventional one, contributing to gains in efficiency.

Equivalent outage duration per consumer unit (Dec) GRI EU29

	2018	2019	2020
CPFL Paulista	6.17	6.72	6.81
CPFL Piratininga	5.94	6.49	5.83
CPFL Santa Cruz	6.01	5.56	4.89
RGE	13.43	14.01	10.83
RGE Sul	15.56		
Consolidated CPFL group ²	8.62	8.82	7.66

1. The 2019 and 2020 data for RGE and RGE Sul are consolidated due to the unification of the distributors.
2. Calculated based on the weighted average of the number of clients of each distributor and the amount calculated for the DEC.

Equivalent outage frequency per consumer unit (FEC) GRI EU28

	2018	2019	2020
CPFL Paulista	4.03	4.38	4.27
CPFL Piratininga	3.89	4.34	4.32
CPFL Santa Cruz	5.09	4.25	3.68
RGE	6.30	6.25	5.27
RGE Sul	5.89		
Consolidated CPFL group ²	4.68	4.93	4.53

1. The 2019 and 2020 data for RGE and RGE Sul are consolidated due to the unification of the distributors.
2. Calculated based on the weighted average of the number of clients of each distributor and the amount calculated for the FEC.



CPFL Santa Cruz was considered the best distributor in the country in absolute Power Outage Duration and Power Outage Frequency indicators

In absolute Power Outage Duration, CPFL Piratininga came 3rd and CPFL 5th

PLANNING AND MONITORING

GRI EU6

For the distributors, we count on the Electric System Expansion Planning, held annually, for a cycle of diagnosis and the proposition of solutions over a horizon of 10 years. The initiative projects the structures necessary to support market growth and reliability of the electric systems.

We also have a multi-year investment plan that covers spending on maintenance aimed at improving the quality of energy supply, preserving the safety of employees and the public in general and guaranteeing the working life of the assets.

We prioritize preventive and predictive maintenance and define its frequency with a view to guaranteeing the level of reliability, continuity and quality of energy, in compliance with legal and regulatory requirements. Investments in the distribution and sub-transmission networks ensure increased efficiency and the robustness of the system, providing greater energy availability for the consumer.

DEC We do it

In addition to the investments made in network maintenance and safety, one of the key projects to improve quality indicators in supply was the campaign to reduce Equivalent Outage Duration (DEC) in the distributor RGE.

The action involved engaging commercial agents, electricians, technicians, administrative staff and operators to adopt more than 70 measures in their daily routines. These included focus on identifying possible problems and risks in the electricity network; analysis of technical, administrative and safety assessments made by contracted companies; raising everyone's awareness of the indicators and encouraging proposals for improvements.

On the Sub-station and High Voltage Distribution line front, the sub-transmission team revisited its maintenance plan and proposed additional actions to ensure better operating conditions for the assets.

The main causes of incidents were mapped, as were opportunities for improvements to drive gains in efficiency.

The project was also broken down into actions related to safety, efficiency and operational strategy, by means of the exchange of experiences between employees in the Integrated Operational Center; interviews with focal points so that electricians could clarify their main doubts; and the dissemination of videos with information about the main questions raised.

As a result, the RGE DEC in 2020 was 10.83, a reduction of -22.7% compared with 2019, below the regulatory limit for the 1st time since RGE Sul was acquired.

For all the distributors the development of training courses for executing the Emergency DEC made available by the Universidade CPFL should be noted. The courses included Network Maintenance at



RGE Operational Center in
Caxias do Sul - RS

the Request of the Client (MRPC) and Dispatch of Maintenance (AM) to standardize the entire process involving the classification of events, procedures and the proper conclusion of requests.

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Client at the center

GRI EU24

Promoting the best experience for our clients, through the quality and reliability of our services and the provision of relationship channels that facilitate their routines is a priority for CPFL Energia.

COMMITMENTS



SDGS ACHIEVED



A central topic in all our decisions and goals that involve the entire company, the experience of our client is also part of the targets of all leaders: we created the CFI (client focus index), which comprises a series of satisfaction indicators.

In the period, we created a client experience cluster for the unified management of initiatives and we progressed in measures to drive greater agility and quality in client service. We made new solutions available by means of digital channels such as WhatsApp, via which it is possible to request a copy of a bill, check open debits, clarify doubts, among other options.

We also progressed in the digitalization of our agencies, with the installation of self-service totems, which speed up service and reduce lines.

To further reinforce digitalization, in 2020 we initiated a research & development project focused on the client experience. Using design thinking methodology, Digital Movers is aimed at transforming and transferring the client journey to the virtual environment, in a simplified, accessible and technological way. The initiative involves the use of computer vision, speech recognition, facial biometrics and real time information processing to offer services such as change in user name, activation of installations and new connections for clients who are moving to a new address.

We also created the Client Experience (CX) project in the period, which comprised a detailed study of the entire network of internal and external processes that impact

Digital channels in 2020



90 services
available via
digital channels



110 million
contacts handled by
digital channels



3.47 million
digital bills, a 54%
increase over 2019



With the current digital
bill base, we avoided the
annual emission of
3,140t CO₂

our client's experience. To do this, interviews were conducted with clients and 10 journeys related to our regulated and non-regulated businesses were analyzed. As a result, 722 recommendations were made and grouped in 67 initiatives which should be implemented in the short to medium term.

We have scheduled the ARRC (Regulatory Risk Call Center Activity) project, which will involve routing calls to the call center to channel the service and promote improvements in the client experience. It will also include speech analytics focused on the discourse used in service.

We are all essential

We understand that energy is an essential asset in people's lives and that people are essential for CPFL Energia. And our more than 13,000 thousand employees are engaged daily in ensuring an essential service for our clients.

This was the motto of the Essencial campaign that we launched in 2020 as a means of underscoring the importance of the clients, employees and communities that interact with CPFL Energia.

In RGE, we also launched the pilot Somos Todos Clientes (We are All Clients) to drive transformation in client service. This involves engagement actions with leaders and employees, with measures such as exchanging roles, the creation of the client ambassador and inspection of service contacts.



CPFL Clients

CPFL Soluções

In addition to the distribution clients, CPFL Soluções has been working on improving services and understanding clients' needs. In 2020, it created the Client Success area with the objective of monitoring client satisfaction by means of surveys, promoting the continuous improvement of processes and products and monitoring indicators focused on the client's success. During the period, the area created two exclusive service channels, the e-mail falecosco@cpflsolucoes.com.br and the telephone (19) 3756-6000, which came into operation in January 2021.

The business front also advanced in terms of digital transformation with the implementation of initiatives throughout 2020 and 2021, in the back office, sales management and post-sales areas. The objective is to substitute the entire CPFL Soluções technological park, with a reduction from 39 to 17 integrated systems. Overall, the program encompasses 28 digitalization initiatives.

Within this context, the Salesforce Marketing Cloud system was implemented. The tool permits the company to improve its communication and relationship campaigns, manage the social networks and segment its audiences, generating knowledge to improve the capture of new clients, map opportunities and promote improvements in relationship.

Additionally, in line with market trends, we have developed diverse studies and analyses focused on the evolution of the offer of services such as the commercialization of gas, I-RECs, telemetrics, storage, among others. Moreover, there are price and market positioning analyses with a focus on energy management in the free market and the operation and maintenance of transmission lines, networks and sub-stations.



CPFL Clients

Client satisfaction

The satisfaction of our clients is measured by indicators of the Perceived Quality Satisfaction Index (ISQP or Índice de Satisfação da Qualidade Percebida), conducted annually among companies in the sector, and the Aneel Client Satisfaction Index (IASC or Índice Aneel de Satisfação do Cliente), which was postponed in 2020 due to the pandemic.

Organized by the sector association Abradee, ISQP assesses companies based on supply, information and communication, energy bill, service and image. In 2020, all the CPFL Energia companies showed improvements in the index,

particularly worthy of note being CPFL Santa Cruz, which posted an increase of 7.0 points, reaching 84.2. CPFL Paulista (81.0) and CPFL Piratininga (79.0) grew 6.3 points and 1.5 points, respectively. Following the same upward curve, RGE grew from 81.0 in 2019 to 81.5. The consolidated score was 80.9, the highest average among the business groups, compared with 77.1 in the previous period.

The Abradee survey also checked clients' perceptions related to the distributors' adaptation to the pandemic. The results indicated recognition of incentives to use digital channels among all the companies.

ISQP – 2019 X 2020

Group B clients (low voltage):

- CPFL Paulista: from 74.7 to 81.0 **+8.4%**
- CPFL Piratininga: from 77.5 to 79.0 **+2.0%**
- CPFL Santa Cruz: from 77.2 to 84.2 **+9.1%**
- RGE: from 81.0 to 81.5 **+0.6%**

Group A Clients (high voltage):

- CPFL Paulista: from 78.3 to 77.2 **-1.4%**
- CPFL Piratininga: from 76.9 to 75.5 **-1.8%**
- CPFL Santa Cruz: from 77.6 to 82.1 **+5.8%**
- RGE: from 77.1 to 77.8 **+0.9%**

We also measured client satisfaction with each call center contact via WhatsApp from 2020:

800,000 service requests

2.7 million contacts handled

COMBATING LOSSES AND DELINQUENCY GRI EU12

Regarding energy losses, we conducted a series of initiatives to combat fraud and irregular consumption, which can compromise supply quality and network safety.

Worthy of note among the initiatives in 2020, we continued with the installation of telemetrics, with inspections and the substitution of clients' meters; we conducted measurement shielding for group A clients (through the measurement sets) and group B clients (through shielded junction boxes) and we conducted the regularization of clandestine consumers.

We sent in digital reports and conducted joint investigations with the police in relation to energy theft. We also encouraged field staff to report frauds and energy theft by means of the electricians' app. In 2020, more than 89,000 inspections were conducted as a result of reports, the main channels being the Multi App, the operational teams and clients, via digital channels.

To intensify inspections, we created the SWOT Team, comprising highly specialized field technicians, to conduct more critical, in-depth investigations. We also used intelligence to cross reference measurement data in order to identify differences in energy consumption to guide inspections.

As a result of our measures, the global loss rate in the year was 9.05%, a slight 0.16 p.p. increase over 2019. The indicator is a reflex

of the reduction in technical losses 0.12 p.p. compared with 2019, due to our investments in recent years and to a 0.28 p.p. increase in non-technical losses, caused by the country's macroeconomic situation in 2020 and aggravated by the Covid-19 pandemic.

To mitigate the increase in the total loss rate, we approved a 2021-2025 Loss Plan which is bolder than its predecessors. The objective is to ensure the regularization of clandestine consumers and shielding grouped standards (shielded junction boxes). For group A clients, this will take place via joint measurement.

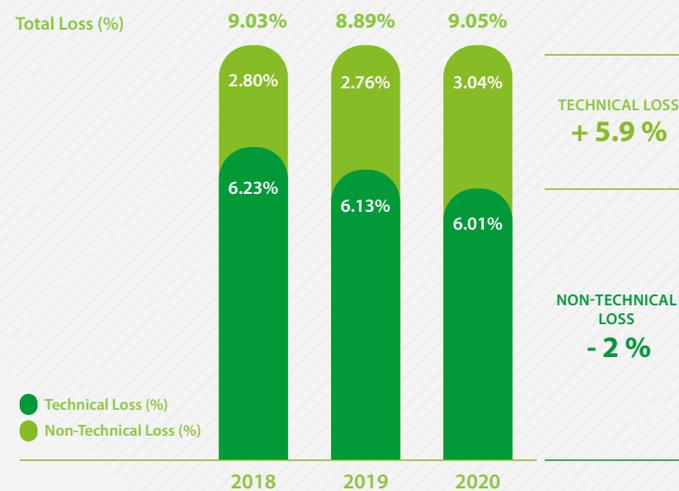
With respect to delinquency, given the challenging situation in 2020, we intensified measures to register consumers entitled to the Social Energy Tariff, the program created by the federal government to offer low-income families discounts on their energy bill. In 2020, the discount reached 100% during a three-month period, to mitigate the impacts of the pandemic. During the year, the base of clients receiving this benefit increased by over 40% compared with 2019.

Other measures included the implementation of new payment options for clients, such as payment in installments by credit card and via digital channels. We also introduced a negotiation plan for group A clients providing essential services and suffering greater impact from the Covid-19 crisis in the short term. We im-

plemented delivery payment, a modality in which our field team took a payment terminal to the home of the clients.

Another highlight was the review of client billing rules, with clearer more efficient communication in order to improve the client experience and to mitigate delinquency. Further information is available in the chapter Covid-19.

LOSSES IN DISTRIBUTION



Innovation and transformation

INNOVATION CULTURE

Encouraged by State Grid, at CPFL Energia we are seeking to provide an innovative environment receptive to new ideas and experimentation. We believe that innovation is a lever of business growth and diversification of the company's portfolio.

With the aim of creating a long-term vision for research and development, in 2020 we undertook the construction of a Technological Roadmap. The main objective was to map the major trends in the electric power sector, opportunities and available technologies.

We systematized the results in five Future Scenarios, extended into Strategic Opportunity Territories and broken down into Technological Routes, creating a pipeline with various projects, all aligned with CPFL strategy to position the company in relation to the challenges it faces.

Technological Roadmap

The Technological Roadmap and its main products will be updated periodically and execution will involve partnerships with startups, companies, academia and research centers. All this work will be employed in our four main tools for fostering innovation:



Strengthening the innovation culture

Measures for employees aimed at creating an environment favorable for the proposition and implementation of new ideas



Relationship with start-ups

Based mainly on the CPFL Inova program, this is aimed at structuring the company's relationship with the start-up ecosystem and providing an environment favorable to experimentation, prototyping, tests and adjustments (iteration)



Structural projects

Development of long-term innovations focused on the future of the power sector, observing trends in technology and new business models.



Operational excellence projects

Initiatives aimed at improving service provision and the current operations, focused on increasing client satisfaction and operational safety.

SDGS ACHIEVED



As a means of intensifying the company's innovation culture, we have the INLAB, an "ideas program", in which our employees are engaged in proposing innovative solutions. In the program, the employee inserts ideas for addressing proposed challenges into an online platform. The best proposals are selected and worked on with mentoring for the preparation of a pitch to be presented to the committee responsible for the challenge.



We were dedicated to building a Technological Roadmap, which will guide our main innovation tools

In the last year, in partnership with the Human Resources area, a challenge was launched questioning the new ways of working in a post pandemic scenario, in pursuit of ways to keep our employees protected. 247 contributions were received. 6 of these were approved by the committee and are at the prototyping and implementation phase.

In relation to the challenge posed in 2019, in which the theme was Safety, two measures stood out: the creation of a podcast aimed at the operational teams, with the objective of communicating messages and information about safe behavior, and the adaptation of the trucks in one of our bases, improving ergonomics in the loading and unloading of equipment.

Another initiative focused on the training and development of employees is the Innovation Trail. In 2020 this was restructured and will now have three distinct modules: beginners, advanced and a specific one for operational staff. The scope of the course now has new subjects as well as tools employed in the Design Thinking method, such as enterprise and R&D.

We also believe that new solutions emerge by means of the concept of open innovation. In this respect, one of the initiatives was participation in a "hackathon", the Mega Hack, with eight brands proposing real challenges to more than two thousand people who worked on the creation of new solutions during seven days. The theme of the CPFL challenge in 2020 was client relations, for the presentation of innovative solutions that simplify the journey of this audience.

The ideas proposed in the event range from a benefits program to drive client loyalty, with points that can be exchanged for a discount on the bill, to a tool integrated into the CPFL Energia app which permits tracking of consumption and offers clients tips on how to save.



Electric Vehicles in the Electric Mobility Project

Another initiative is CPFL Inova, which is aimed at driving connections with fast growing scale-ups and technological developments that can add value for the market. In 2020, the program avoided costs of over R\$ 3 million for the company based on projects prospected in previous editions. A series of tests of new models for connecting with start-ups was conducted to maintain the program in constant evolution, aimed at boosting company results.

SDGS ACHIEVED



RESEARCH & DEVELOPMENT (R&D) GRI EU8

By means of our Research & Development (R&D) program, whose investments are aligned with ANEEL regulations, we conduct projects focused on driving innovation for the businesses and in line with trends in the power sector. In 2020 alone, we invested more than R\$ 72 million via the distributors and R\$ 21 million via the generation and transmission units, almost double the figure

of the previous year. This increase was due in part to the advances in the Storage and Electric Mobility development projects, one of the commitments in the company's Sustainability Plan, which provides for investments of around R\$ 45 million in vehicle electrification technologies.

Some of the main projects in course:



Electric Bus, part of the Sustainable Campus R&D Project

Electric mobility

- **Electric Mobility Services Platform:** this involves the creation of a link between the end user and the owner of the recharging infrastructure, driving interoperability.
- **Development of a new concept of charging station:** it proposes the identification of an optimal solution for integration with the concept of smart cities.
- **Electrification of 100% of the CPFL Piratininga operational fleet in the city of Indaiatuba:** Aimed at testing the adherence of different models of vehicles to the Distribution field operation, to assess eventual expansion incorporating electric mobility as part of the business.
- **“Second Life”:** reapplication of used batteries from electric vehicles: the objective is to decrease the risks related to the electric vehicle resale market; mitigate environmental impacts related to early disposal; and maximize the capitalization of the battery, the most expensive component in an electric vehicle.

Advances in 2020:

- **17 electric vehicles** circulating in the company fleet
- Start up of circulation of an electric bus in Unicamp

OTHER FRONTS:

Storage Program: consisting of three major projects, it is aimed at assessing the benefits and impacts of the insertion and use of energy storage systems with batteries throughout the entire power system chain. In 2020, the projects encompassed the installation of four large storage systems, with a joint capacity of almost 4MWh, enough to supply around 21 average residences for one month.

Analytical Center: a laboratory for the massive analysis of data using Machine and Deep Learning techniques for diverse company areas. In 2020, this supported the migration of more than 1 million clients to digital billing. A tool was also developed for the automatic analysis of over 80% of the company's law suits. Additionally, to support the Covid-19 crisis committee, 23 initiatives were developed, such as controlling agglomerations of electricians during lunch hour. This permitted a 21% reduction in agglomerations, boosting the safety of employees engaged in essential activities.

Sustainable Campus: developed with higher education institutions, these encompass solutions for energy efficiency, photovoltaic mini-generation, energy management and training. In 2020, the initiatives at the Federal University of Santa Maria and the Instituto Federal de São Paulo, Campus Boituva, were concluded. These resulted in reductions in energy consumption and the dissemination of conscious consumption practices. Furthermore, at the Campinas State University, the work involving labeling the buildings and the structure of the mini integrated operations center for monitoring energy consumption, was concluded, as was the operation of the electric bus on the campus.



Covid-19: we developed an initiative to control agglomerations among electricians

Self-grounding Post: this increases the reliability of the earthing system for distribution networks, offering greater protection against atmospheric discharges, greater operational efficiency and safety. In 2020, commercialization of this product earned CPFL Energia R\$ 7.9 million in royalties.



Unicamp Campus in Campinas - SP

COMMITMENTS





- > HEALTH AND SAFETY
- > RESPONSIBILITY IN THE SUPPLY CHAIN
- > VALUE GENERATION FOR SOCIETY

Society Shared Value

CPFL Jovem Geração
(CPFL Young Generation Program)



Health and safety in first place

GRI 103-1, 103-2, 103-3, 403-1, 403-2

For CPFL Energia, safety is a non-negotiable commitment, present in our Values, Culture, in our Sustainability Plan and in our daily routines. Consequently, we continually seek to improve our indicators through measures aimed at our employees, suppliers and the communities in which we operate.

Our health and safety management system was implemented based on internationally recognized standards and guidelines (OHSAS 18001 / ISO 45001) which permit the assessment of possible risks and the adoption of the necessary preventive measures. It also enables the evaluation of the practices adopted by third-parties for all the distributors. **GRI 403-1**

COMMITMENTS



SDGS ACHIEVED



We have procedures to assess hazards and risks, which are undertaken periodically and result in the adoption of corrective measures whenever necessary. These assessments are carried out by occupational safety professionals, who are trained with support and guidance from the corporate team responsible for assuring quality and compliance with the assessment schedules. As part of the process we also seek to identify opportunities to improve the occupational health and safety management system. **GRI 403-2**

In 2020, we reviewed all our practices to guarantee the people's safety and, with support from State Grid, we launched the Year of Safety program, which comprehends an assessment of our procedures, the elaboration of an action plan, execution and analysis of the results. As part of the initiative, we expanded field inspections with the team of instructors to improve guidance for activities, and we monitored the action plan developed specifically for critical areas.

Additionally, we maintained the Projeto Vida 100% (100% Life Project), which involves a collaborative methodology for discussing and disseminating a safety culture in the interactions between leaders and their teams, as well as ramifications of the action plan and accompaniment of its evolution, based on the observations exchanged. We also continued with the campaigns and practices to intensify communication about safety, such as the Semana Interna de Prevenção de Acidentes de Trabalho (Work Accident Prevention Week

SIPAT) and the Safety Dialogues, including channels such as WhatsApp. These occur daily in the operational areas and weekly in the administrative areas.

Any activity to be executed in operational and maintenance processes requires the filling out of a Preliminary Risk Analysis (APR) in the company maintenance



Safety is part of our Values, Culture and our Sustainability Plan

system. Without this analysis, the system does not authorize the the execution of the work.

In spite of our efforts, we profoundly lament the occurrence of four fatal accidents among company employees in 2020, something which has not happened since 2017. We offered full support to the victims' families and their colleagues, including psychological assistance, and undertook full investigations of the incidents to reinforce preventive and corrective measures. In addition to the measures listed previously, we have specific Safety Dialogues about these incidents; we adopt action plans to accompany and monitor the teams and reinforce the safety guidelines. **GRI 403-9**



CPFL Employee

We also initiated a review of the entire training program and intensified online training, which today corresponds to 90% of company training, undertaken via the Universidade CPFL. Based on the knowledge acquired, we started to apply tests on the more than 9,000 employees in the field, with a view to measuring how far they have internalized company guidelines and corrected routes, when this is necessary. **GRI 403-5**

The Universidade CPFL has an extensive online training programming for all the company's 9,000 field workers

For the coming years, our priority will be to work even harder on instilling a safety culture, one of the pillars of the Corporate Culture Inclusion Program (CCIP) organizational culture project launched in 2020. This establishes synergies for best practices between the operations in Brazil and our majority shareholder.

In this respect, we will address initiatives such as analysis of the results of a safety survey conducted by a specialized consultancy; enhancement of our management system, based on comparing best practices at State Grid with those at CPFL Energia; and the implementation of safety campaigns, for example to identify, control and eliminate risks and hazards. There is further information about the CCIP in Developing People.

2020 highlights



15,210 inspections
with company employees



18,373 behavioral observations



6,635 inspections
with contractors



9.613 evaluations of behavior identified by professional safety of work (IPS)



457 urgent communications



114 locations
with Vida 100% for over 10 years



89 special Safety Dialogues



13,584 doses
of influenza vaccine applied ahead of schedule



4 audit assessment cycles
with contractors



4,618 periodic examinations



715 audits
conducted



25,692 Covid-19 tests



6,620 persons
monitored by the Health Center

Well-being for electricians

Worthy of note in 2020 was the start up of the R&D project in Ergonomics, Biomechanics and Cybernetics, in partnership with Unicamp. This is in preparation for the construction of the training center for the Electrician of the Future. The project will conduct laboratory experiments to identify the ergonomic impacts of their activities, using technology for simulations of field activities.

This employs a Motion Capture System, consisting of infrared cameras that capture the movements of markers stuck strategically to specific points on the human body. The objective is to map movements and create solutions, equipment and methodologies that guarantee the well-being and quality of life of the electricians.

SDGS ACHIEVED



PUBLIC SAFETY GRI EU24

With the objective of preserving the health and safety of the public and avoiding accidents with the power grid in the municipalities in which we operate, we have our Guardian of Life Program. In 2020, we invested R\$ 2.7 million in awareness campaigns for the public in our concession areas, with information ranging from the risks presented by the power grid to the need to prune trees in order not to compromise the safety of the grid and people. Details about the program at <https://guardiaodavida.com.br/>.

During the year we ran the program CPFL in the Schools, believing that education has the power to transform behavior. The program provided the children with guidelines on safety. Also in the education area, CPFL Paulista undertook a pilot graffiti project on the walls of sub-stations with safety instructions, for example, presenting the dangers of flying kites near to and accessing the grid. During the period, the Guardian of Life in Virtual Schools program was launched aimed at children studying remotely.

We also have the Responsible Guardian, a field worker chosen to raise the awareness of people in the vicinity, with emphasis on construction workers, painters and agricultural equipment operators. Through interventions in the municipalities with the highest accident rates, we visit construction works and building materials stores to disseminate information for construction workers, who are more exposed to risks from the electricity network.



Nice, character from the Guardian of Life campaign.

Guardian of life in 2020

+790 news items
published in the press in SP and RS

+1,900
ads on radio stations

+ 105,000
accesses to online
safety tips

+ 46 million
views of tips on
Facebook

+ 65,000 accesses
from employees

+ 690 municipalities
covered, with a total
population of 23 million
(Source: IBGE)

Responsibility in the supply chain

Aware of our potential to generate positive impact in our value chain, we conduct relations with suppliers responsibly, seeking to prepare, monitor and engage them.

Our chain consists primarily of suppliers of standardized turn key technical services and materials and equipment for distribution and transmission networks, who we support with training in good practices related to management and the operation, in tune with the transformations occurring in the power sector and economic, social and environmental trends for the future. **GRI 102-9**

ASSESSMENT AND MONITORING

We have a structured model for assessing and monitoring the performance of our suppliers. This ranges from registration in our supplier base to the analysis of financial and technical performance, as well as safety and compliance with legal and documentation requirements, in addition to company values.

Companies classified as strategic are integrated into our Supply Base Management (SBM) system. This tool enables us to monitor their performance on a monthly basis and give them a score. If necessary, improvement plans are developed for these partners. During the year, we as-

We systematically qualify and assess all the suppliers in our chain

essed a total of 305 partners in the SBM.

In 2020, we initiated a process to implement a relationship system with strategic suppliers. To define these partners, we stipulated four criteria: criticality and relevance for the business; attractiveness and relevance of CPFL Energia for the supplier; performance and risk management.

Risk management and responsibility in the pandemic

With respect to mitigating risks in our chain, given the challenging situation faced in 2020, we added new aspects for analysis, such as risk of failure/bankruptcy of the supplier and level of impact of the pandemic, which involved assessment of cash, impact on revenue and absenteeism, among other factors.

In this context, we sought to contribute to the continuity of our partners at this sensitive time. For example, we sought alter-

natives for contracts with the teams responsible for cutting off power supply, an activity undertaken by third-parties. With the suspension of disconnection of delinquent clients by ANEEL between March and July of 2020, we reallocated the teams responsible for disconnection to inspection of delinquency and fraud in order not to interrupt their activities and contracts and, consequently, ensure their financial health.

For the periodic monitoring of the working conditions of third-parties, we have the Third-Party Management Cell. By means of this tool, we verify labor documentation and records to ensure the contracts are compliant with legislation and with the standards applicable to the sector. In 2020, we automated the processes with a view to expanding monitoring. As a result, the cell evaluated 9,033 third-parties engaged in 261 different contracts signed with 93 suppliers.

We also conduct field inspections with safety auditors to assess the situation of workers who provide us with support in operational activities. In 2020, we conducted audits in the beginning of the year; however, these were later suspended during the critical stage of the pandemic.

It should be noted that we maintained all health and safety verifications, underscoring the health and safety measures necessary due to the pandemic in the quarterly meetings with suppliers.

We automated processes to expand monitoring of third parties

SUSTAINABILITY IN THE SUPPLY CHAIN GRI 103-1, 103-2, 103-3, 308-1, 308-2, 414-1, 414-2

One of the targets in our Sustainability Plan is to integrate sustainability aspects into the process of monitoring 100% of critical suppliers by 2024.

In 2020, we conducted a pilot project to include criteria related to managing sustainability in the SBM monitoring system. The aspects assessed include the supplier's maturity in terms of sustainability processes and guidelines, social practices and management of the consumption of materials and energy. Additional aspects included approach to climate change, including the elaboration of a greenhouse gas (GHG) emissions inventory and the mapping of climate risks for the company's operation, as well as the assessment of shared value and supplier engagement in the community.

The objective is to conduct on-site audits. However, with the social isolation in 2020, we promoted evidence-based self-assessment by suppliers. During the period, 43% of the suppliers considered to be strategic and critical were monitored based on social and environmental criteria and 82

suppliers were assessed based on new sustainability criteria. During the year, no deviations were identified among the suppliers assessed.

It should be noted that in addition to the requirements expressed in contracts, we work with a formal process to identify environmental and social risks, both in the registration and approval of new suppliers and in the monitoring of existing suppliers.

The commitments that we demand include questions related to labor relations (working times, decent remuneration, freedom of union association, among others), to occupational safety, to social responsibility and combating discrimination, as well as a commitment to ethics and environmental care.

SDGS ACHIEVED



Nighttime Lighting in Campinas - SP

Assessment of sustainability criteria



• **Sustainability management:** environmental management system, adoption of sustainability policy, integration of Sustainable Development Goals (SDGs).



• **Eco-efficiency:** efficient use of natural resources, consumption of materials, correct disposal of waste.



• **Climate Change:** monitoring of GHG emissions and mapping of climate risks for the operation.



• **Shared value and leadership:** social projects for the community, volunteer work, inclusion and diversity.

COMMITMENTS

15



82 suppliers assessed based on these criteria, 205% more than the target figure stipulated for 2020.

QUALIFICATION AND RECOGNITION

Going beyond monitoring, we seek ways to develop our suppliers. To ensure employee health and safety, in 2020 the qualification process was designed to operate remotely.

With respect to compliance, we have specific contract clauses on anti-corruption and we disseminate our Integrity Program to all suppliers. Additionally, as well as requiring formal adhesion to our Code of Ethics and Conduct, we encourage suppliers to create their own documents of this nature. **GRI 205-2**

Through the Value Network, we encourage contracted companies to exchange experiences and good practices with each other. During the year, we organized three virtual encounters which were attended by 95 partners. The subjects discussed included quality, safety, sustainability, future scenarios and new businesses. A practical result of these discussions was the creation of a pilot program to implant another pillar in the SBM, the sustainability pillar. The objective is to promote the adoption of sustainability criteria (social, environmental and economic-financial) in the process of purchasing materials and contracting services. Further information in Sustainability in the supply chain.

We also implanted the Talent Management project, with the development of simple and effective tools to contribute to

the development, retention and attraction of talent within the supply chain.

As a means of recognizing our partners for their efforts and their positive results, we have the Prêmio CPFL Mais Valor (CPFL More Value Award). High performing



We recognized 11 suppliers in the CPFL Mais Valor Award

companies are selected by an internal committee that evaluates criteria such as occupational safety, service excellence, quality, on time delivery, sustainability and social responsibility.

In 2020, we held the 11th edition of the award. From a total of 24 finalists, we recognized 11 suppliers with distinguished performance in the general ranking, in safety and electric risks; and in the services and materials categories. The winners received a trophy, a certificate and a seal.

Value generation for society

GRI 103-1, 103-2, 103-3, 413-1

With support from our majority shareholder, State Grid, we sought to promote and implement positive impact initiatives for society and local development in the communities in which we operate. The planning and execution of our actions are guided by our Social Investment Policy, available [here](#) in the Investor Relations website.

In 2020, the Instituto CPFL reinforced its social assistance measures

In existence for 17 years, the Instituto CPFL is the private social investment platform of the CPFL Energia group, responsible for integrating the group's social programs in a single network. From 2020, the Instituto CPFL strengthened the social assistance front with investments in the programs CPFL Young Generation, which supports initiatives for the younger generations, and CPFL in the Hospitals, which promotes humanization and improvement projects in public hospitals.

The institution's activities also include: the CPFL Circuit, a program with walking and running stages and cinema sessions run on solar power; the CPFL Brazil-China Interchange, which establishes a cultural dialogue through films, concerts and talks and other activities; and the CPFL Café Filosófico or Philosophical Café program, conducted in partnership with TV Cultura and shown on the station's network.

Furthermore, CPFL invests via the Anel Energy Efficiency Program. We develop measures in communities with low purchasing power with a view to reducing energy consumption through the substitution of less efficient equipment, as well as undertaking educational actions.

Energy Efficiency Program
in Public Buildings



Energy that transforms realities



CPFL IN THE HOSPITALS

With projects in the energy efficiency area,

- **R\$ 51.3 million** invested in the Energy Efficiency Program in 2020
- **84 works in hospitals** with improvements in energy efficiency and the installation of solar panels already concluded, of which 67 in 2020
- **R\$ 6.4 million/year** savings estimated from reduction in energy consumption.

And, via the Instituto CPFL,

- **49 hospitals** with improvements to hospital infrastructure (repairs to installations, acquisition of equipment and expansion of spaces) and hospital humanization initiatives
- **4 homes for the elderly**
- **Operations in 24 cities**, in five states, benefiting around 340,000 people



ENERGY EFFICIENCY PROGRAM FOR LOW-INCOME COMMUNITIES

- **103,000 families** benefited
- more than **3,400 regularizations**
- more than **286,000 light bulbs** changed
- **4,400 heat** exchangers installed
- more than **1,600 tons of CO₂** avoided with the actions implemented



CINE CPFL

- **2 cinema** festivals
- **31 digital** film sessions in #cinecpfl
- **153,000 spectators**



CPFL INTERCHANGE BRAZIL - CHINA

- **Live music** transmission
- **Cinema festival** with 10 films via streaming
- Playlists of **Chinese music** on Spotify
- Exhibition of **Café Filosófico China Special** on TV Cultura and YouTube
- More than **1.6 million people** reached



CPFL YOUNG GENERATION

- **23 cities** and 28 institutions
- **7,000 people** benefited
- **R\$ 5 million** in investments
- 1,821 volunteers via the **Semear program**, with 10 NGOs supported and **R\$ 100,000 invested**, benefiting more than 2,990 children and adolescents.

SDGS ACHIEVED



CPFL in the Hospitals Program

The CPFL in the Hospitals program is part of our Shared Value commitment, one of the pillars of our Sustainability Plan. It is focused on driving service improvements in public healthcare institutions, an essential service for society.

With funds from the Energy Efficiency Program, it involves the installation of solar panels in hospitals, as well as the installation of more efficient equipment, reducing the institutions' expenditures with electricity.

By means of the Instituto CPFL, we support 49 hospitals, benefiting around 340,000 people. The institution supports infrastructure and research, as well as hospital humanization through art, in conjunction with the partners Médicos do Sorriso, Griots and Hospitalhaços,

who conducted their activities virtually throughout the year. In 2020, in a special measure to combat COVID-19, we benefited more than 20 hospitals with a R\$ 5 million donation of medical supplies. Another R\$ 1 million was donated to the BNDES "Salvando Vidas" program, making a total donation of R\$ 6 million.

In addition to the Energy Efficiency Program and the Instituto CPFL, in a third line of action the CPFL in the Hospital program also operates with CPFL Total, a company that enables money to be raised for other services and products via the electricity bill. In 2020, our clients donated R\$ 4.2 million to 105 healthcare institutions via their energy bills.

More than **5,550 KWp** of installed capacity in solar energy

13.6 GWh/year of solar energy generation, enough to supply over 5,769 residences

More than **55,000 light bulbs** replaced with more efficient LED models



CPFL in the Hospitals Program - Instituto CPFL

SDGS ACHIEVED



Estimated saving of **R\$ 6.4 million/year** through the reduction in energy consumption

1,027 tons of CO₂ avoided with the measures implanted, equivalent to planting 6,159 trees

Energy efficiency for communities program GRI 103-2, 103-3, 302-5

In addition to the measures in CPFL in the Hospitals program, one of the commitments of our Sustainability Plan is to invest R\$ 200 million in energy efficiency actions for low-income communities by 2024. In 2020, we invested a total of R\$ 164 million in the Energy Efficiency Program (PEE), in line with ANEEL regulatory directives, of which R\$ 50.8 million in low-income projects. In this type of project, we develop measures in communities with low purchasing power with a view to reducing energy consumption through the substitution of less efficient equipment.

One notable project during the year was CPFL in the Communities, developed in partnership with Quintessa, an impact business accelerator, with the goal of implementing solutions that contribute to the development of housing projects in the cities of Campinas, Ribeirão Preto and São Vicente in the state of São Paulo. Four innovative initiatives

in financial education, female empowerment and circular economy were supported by the project. One of the initiatives was Se Vira, Mulher, focused on training women to open residential electrical maintenance businesses.

Another three projects supported were the financial education application Poupa Certo; the circular economy project Biocicla, aimed at providing a solution for electricians uniforms; and Barkus Educacional, which provides women with financial education, with a focus on energy efficiency and delinquency.

In 2020, we also developed the Refrigerator Bonus Project, which offers residential clients a discount from 25% to 40% on the acquisition of more efficient refrigerators that consume on average 45% less energy than conventional models. The project also provided for the substitution of 5 compact fluorescent bulbs

with 5 LED technology bulbs for each person buying a refrigerator.

Additionally, clients acquiring refrigerators via this program would donate R\$ 50.00 to a philanthropic institution. Through this project 16,858 efficient refrigerators were commercialized, providing an annual saving of 9,290 MWh, enough to meet the annual consumption of 3,918 residences. Moreover, R\$ 842,900 was raised for previously selected NGOs.

The initiatives resulted in annual savings of 134,720 MWh, enough to power 56,815 residences with an average consumption of 197.6 kWh/month.

Numbers in 2020

RGE

- **70 cities** benefited
- **63,028** clients impacted
- **R\$ 50.8 million** invested

CPFL Paulista

- **65 cities** benefited
- **49,711** clients impacted
- **R\$ 80.9 million** invested

CPFL Piratininga

- **10 cities** benefited
- **12,011** clients impacted
- **R\$ 26.2 million** invested

CPFL Energia

- **R\$ 164.0 million** invested in 2020
- **134,720 MWh** in annual electricity savings, enough to power 56,815 residences with an average consumption of 197.6 kWh/month.
- **8,097 tons of CO₂** avoided with energy efficiency measures, equivalent to planting 48,600 trees
- **503,100 light bulbs** changed
- **3,500** low-income families regularized
- **16,900** refrigerators exchanged
- **51,100** solar heaters installed
- **4,400** heat exchangers installed

CPFL Santa Cruz

- **16 cities** benefited
- **3,656** clients impacted
- **R\$ 6.0 million** invested

CPFL Santa Cruz

- **16 cities** benefited
- **3,656** clients impacted
- **R\$ 6.0 million** invested

SDGS ACHIEVED





Semear program

CPFL YOUNG GENERATION (CPFL JOVEM GERAÇÃO)

With support from State Grid, in 2020 the Instituto CPFL launched the CPFL Jovem Geração (Young Generation) program, aimed at contributing to the future of young generations of Brazilians. By means of music, culture, literature and sport, the program is aimed at developing the future of children and adolescents through initiatives that promote the integration of these young people into society and reduce social vulnerabilities.

During the year, more than 7,000 young people from 28 institutions benefited from the CPFL Young Generation program.

Also worthy of note is the Volunteer program Semear which impacted 2,990 people in four states: Rio Grande do Sul, Rio Grande do Norte, Santa Catarina and São Paulo.

Among the social projects supported, the following are worth noting:

- **Carreta Literária (Book Truck):** this is a book truck with a collection of 500 titles with the objective of promoting reading for knowledge, entertainment and leisure.

- **Semear Volunteer Work Program:** in 2020 the program had 1,821 active employee volunteers who supported 10 NGOs with donations of over R\$ 100,000 reais. As a result of the social isolation, the campaigns undertaken by the volunteers focused on crowd-funding to raise money to buy hygiene, cleaning and basic food products for families assisted by the institutions. For 2021, the program will be integrated into the Instituto CPFL portal.



In 2020, we launched the CPFL Young Generation program via the Instituto CPFL, with support from State Grid

- **CPFL in the schools:** by means of the CPFL Energia energy efficiency program, the initiative is also part of the CPFL Young Generation front, promoting educational measures related to efficient energy consumption in schools in the state of São Paulo. In 2020, 25,759 students benefited from the program.

COMMITMENTS



SDGS ACHIEVED



SDGS ACHIEVED



**CPFL BRAZIL-CHINA
INTERCHANGE**

The CPFL Brazil-China Interchange promotes an annual festival with activities that encourage dialogue between the Brazilian and Chinese cultures. In 2020, the 4th consecutive edition of the festival was held. This time, however, it was totally digital due to the Covid-19 pandemic.

The edition comprised a live music transmission, a cinema festival with 10 films transmitted via streaming, playlists of Chinese music on Spotify and the exhibition of CPFL Café Filosófico programs focused on Chinese culture on TV Cultura and YouTube. The festival impacted an audience of 1.6 million people.



CPFL Brazil >< China Interchange



We organized the 4th edition of the festival which promotes dialogue between the Brazilian and Chinese cultures

**CPFL CIRCUIT
(CIRCUITO CPFL)**

The CPFL Circuit promotes itinerant cultural and sporting activities nationwide, contributing to opening up access to culture. In 2020, due to the Covid-19 pandemic all of the program activities were postponed and will be held in 2021.

CPFL PHILOSOPHICAL CAFÉ (CAFÉ FILOSÓFICO CPFL)

The Café Filosófico CPFL program is one of the Instituto CPFL's most widely recognized initiatives. Created in 2003, the project promotes a series of debates about instigating contemporary subjects of relevance, with the participation of specialists and key names in Brazil and

worldwide. The program is presented twice a week on the TV Cultura channel and its affiliates.

In 2020, 16 live public format programs were recorded and broadcast over the social networks of the Instituto CPFL and the Café Filosófico. The program participants and speakers remained in their homes, thus ensuring their safety and that of the teams responsible for the broadcasts. On the same front, a new series called Café Espresso made its debut. This was broadcast by TV Cultura and was also made available via the channel youtube.com/cafeilosofico. More than 23 million people were impacted by these activities



Leandro Karnal in the CPFL Café Filosófico

SDGS ACHIEVED



DIGITAL DIFFUSION

In 2020, the presence of the Instituto CPFL on the social networks constituted an important means of diffusion, with the broadcasting of 24 documentaries via youtube.com/institutocpfl oficial and with further contents on Facebook, Twitter, Instagram and LinkedIn. The Instituto CPFL channel on Youtube alone received more than 5 million views.

In addition to encouraging public discussions, these initiatives strengthen the CPFL Energia brand among different audiences. Further diffusion initiatives included Cine CPFL, which promoted 31 digital film sessions free of charge and enabled the sponsorship of two major cinema festivals: the 44th International Cinema Exhibition of São Paulo and the 15th Latin American Film Festival of São Paulo, both executed digitally. Cine CPFL reached a total audience of 153,000 people.

SDGS ACHIEVED



OTHER INVESTMENTS

The Instituto CPFL also invests in other social assistance programs. In 2020, there were investments in projects to provide healthcare assistance for disabled persons by means of Brazil's national program for the disabled PRONAS (Programa Nacional de Apoio à Atenção da Saúde da Pessoa com Deficiência), as well as projects for

Access [here](#) and see the Café Filosófico CPFL on YouTube

cancer patients, by means of the country's PRONON (Programa Nacional de Apoio à Atenção Oncológica) program.

In 2020, total direct investments were R\$ 9.5 million and investments based on tax incentives totaled R\$ 25.1 million.

CPFL RENOVÁVEIS SOCIAL TRANSFORMATION PROGRAM

Created in 2013, the CPFL Renováveis Social Transformation Program provides for participative planning and management in projects to promote local territorial development. Designed in alignment with the sustainability premises of CPFL Renováveis, with the incorporation of CPFL Energia assets in 2020, the program was integrated into our Sustainability Plan.



The focus of the program is water security, a commitment to future generations and production chains

With most of the funding coming from the Banco Nacional de Desenvolvimento Econômico e Social (BNDES) – ISE line social sub-credits, the Social Transformation Program projects are underpinned by three themes: water security, commitment to future generations and production chains.

As a means of presenting the impacts generated by the program, in 2020 one of the highlights was the publication of a report that presents not only the results of the initiatives but also accounts of the transformation of the communities impacted by the projects, which reiterate our commitment to generate shared value for society.

 Access to complete publication in PDF format [here](#)

SDGS ACHIEVED



INITIATIVES IN GENERATION

Social impact initiatives are also undertaken locally by the company's Generation assets. In this respect, Baesa and Enercan have a Public Service Center (CAP), available to the entire community in the municipality of Anita Garibaldi. In 2020, company funds were employed in meeting public needs generated by the pandemic in local communities.

Additionally, one of the main projects supported by Baesa in the year was its contribution to the acquisition of a generator for the Nossa Senhora do Patrocínio Hospital in Campo Belo do Sul

(SC). The asset's social investments totaled R\$ 263,389.99.

Meanwhile, Ceran and Enercan have a Sustainability and Social Investment Policy, with guidelines for community relations. The document sets forth the processes and instruments used to define support for local projects and initiatives, as well as partnerships. To ensure transparency and efficient management of the process, proposals are received via a social project management system which enables the proponent to monitor the status of the project and enables the businesses to manage the initiatives.

Meetings and training sessions for the elaboration of social projects and for fund raising are held on an annual basis ensuring ongoing dialogue with the communities.

The generation assets maintain social impact initiatives with investments in their areas of operation.

Monte Claro Hydroelectric Power Plant



One of the main projects supported by Ceran in 2020 involved support for the São Peregrino Hospital in Veranópolis (RS) for the acquisition of materials and personal protective equipment. Enercan, in turn, contributed to the installation of the Intensive Care Unit (ICU) in the José Athanásio Hospital in Campos Novos (SC). Ceran's social investments totaled R\$ 617,884.90, while those of Enercan were R\$ 1,435,625.07.

It should be noted that the assets maintain diverse communication channels with the community and its leaders, monitoring these contacts monthly to assess community demands.



Enablers

- > EMPLOYEE DEVELOPMENT
- > ETHICS AND TRANSPARENCY
- > DIVERSITY AND INCLUSION



CPFL Energia employees

Developing people

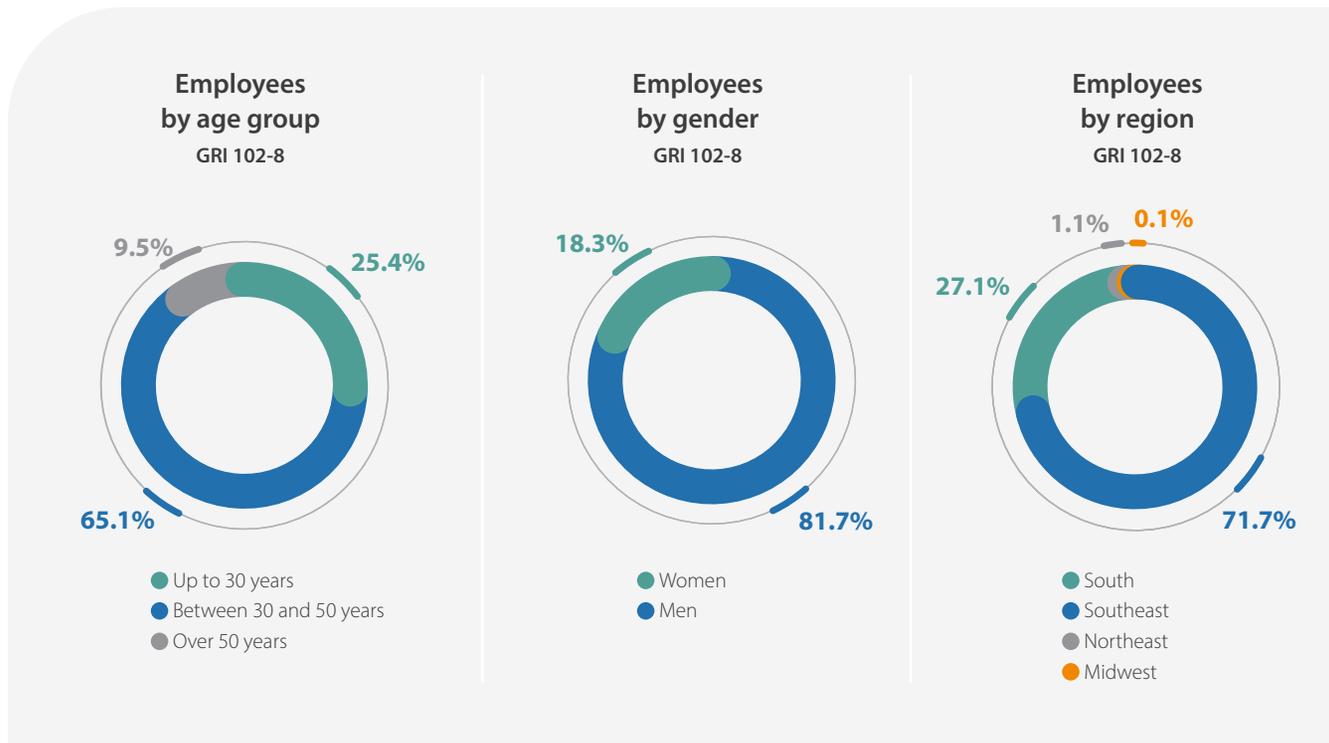
GRI 102-8, 103-1, 103-2, 103-3, 401-1, 404-1, 404-2

Like ethics and transparency and the promotion of a diverse and inclusive environment, our employees are fundamental enablers for the development of our businesses and advances in our Sustainability Plan. In this respect, our human capital management initiatives are focused on qualifying and valuing people, as well as on shaping an organizational culture that supports our strategic goals.

At the end of 2020, we had 13,607 employees, with a turnover rate of 14% per year. A total of 81.7% of the employees are men and 65.1% are in the 30 to 50 year age group. We have employees in the four regions of the country, the most representative being the Southeast, with 9,571 people.

GRI 102-8; 401-1

Mr Quan Ge at the Chinese New Year celebration



CULTURAL TRANSFORMATION

In 2020, one of the main highlights for addressing our initiatives over the coming years was the launch of the Corporate Culture Inclusion Program (CCIP). The project is aimed at promoting synergies with the biggest company in the power sector in the world, the State Grid Corporation of China (SGCC), our majority shareholder, by means of an even more inclusive corpo-

rate culture, to support our long-term strategy, targets and goals.

Based on international methodology and allying the best practices of CPFL Energia and benchmarks in Brazil with the innovative management traditions and techniques of State Grid, the CCIP represents a robust model, as shown ahead.



Corporate Culture Inclusion Program (CCIP)



INDICATORS

Based on BSC (Balanced Scorecard) methodology, performance management is focused on reaching a balance between financial and non-financial aspects, as well as the achievement of short and long term internal and external targets.

PILLARS OF THE CORPORATE CULTURE

SAFETY

with a broad focus on the concept of safety, this encompasses safety principles with consulting support and synergies with practices from State Grid;

CORPORATE GOVERNANCE AND MANAGEMENT

In addition to optimizing the governance structure, this provides for its evolution in line with best practices;

INNOVATION

This comprehends initiatives in technology and service management, the use of intelligence, digitalization, computerization and big data, among other factors

COMPLIANCE

In addition to structure and regulation, this involves a culture of compliance by means of education

SUSTAINABILITY

This comprehends a culture of sustainability, aligned with the Sustainable Development Goals (SDGs), best reporting practices, among other factors;

Employee journey

As part of the CCIP, one of the bases involves the entire human capital management model. In this respect, in 2020 we initiated the Systems Management project. This is aimed at consolidating the people management processes in an integrated human resources system. Following a self attendance model, the project comprises 15 modules and diverse KPIs — related to learning, recruitment, clocking on and off, performance, benefits, among others — enabling the employee to access management of his CPFL experience and journey in a single place.

Along these lines, we also initiated a review of the Human Resources organizational structure, with mapping of processes and practices governing attraction, engagement, career, succession, learning and recognition, with a view to promote improvements in the employee experience.

As an example, an initiative related to improved employee autonomy and service was the launch of virtual service (chatbot) at the beginning of 2020. We separated more than 200 questions and answers related to the payroll, benefits, registration of dependents and other topics about which there frequently are doubts.

SDG ACHIEVED



Future competencies

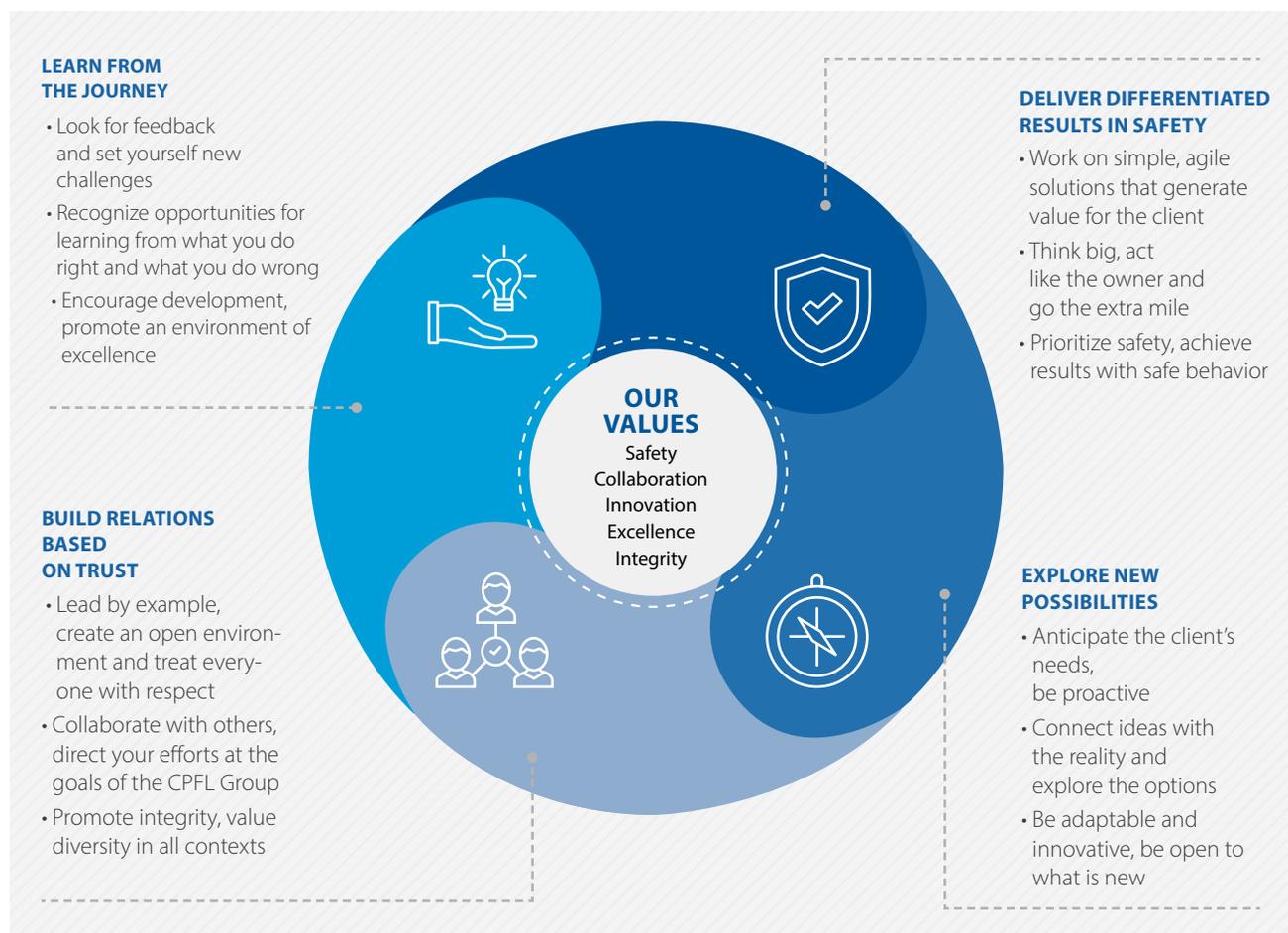
In 2020, we used the Survey of Training and Development Needs (LNTD). This is an initiative aimed at mapping the history of training, challenges and perspectives of each area, based on the main strategic drivers — Our Way of Being and the CCIP. The objective is to identify the main development needs of our employees.

Within this context, scenarios were drafted taking into account disruptive forces that could affect organizations. Based on this analysis, competencies for the future were established. These will be addressed by initiatives in the coming year. These include items such as emotional intelligence, literacy in new media, adaptive thinking and design mindset.

Our Way of Being

As part of the changes scheduled in Human Resources we launched a driver to reinforce our organizational culture, our Way of Being. Connected with our Mission, Vision and Values, the model is a behavioral driver that will enable us achieve our goals together.

To disseminate the model, we trained the entire company leadership and then created the Game Nosso Jeito de Ser (Our Way of Being or NJS), in which we exercise all the dimensions of the new model by means of challenges and the award of points in a healthy competition within the different company areas. We also organized rounds of CPFL Talks, with discussions and challenges related to the four dimensions of the model.



DEVELOPMENT AND TRAINING GRI 103-1, 103-2, 103-3, 404-1, 404-2

Through the Universidade CPFL, we develop programs, courses and learning trails to prepare our employees. The structure comprises a series of training programs focused on professional development and the company's strategic priorities.

Due to the situation in 2020, we converted the major part of our training to virtual format. Worthy of note are the training in data analytics, the leadership development program and the launch of the Explore Your Potential portfolio, a series of courses aimed at employee self-development, focused on their personal and professional evolution. The courses available in the year included Time Management, Negotiation and Influence and Communication that makes Sense.

We also reinforced the Virtual Library, which had more than 2,500 users and surpassed the mark of 9,300 downloads, and the Leader Talks, with six events having more than one thousand participants. Additionally, we launched the technical trails Project Quality; Movers of the Future; Assessment of Knowledge and Knowledge Management.

With the migration to the virtual model, we reached an NPS (Net Promoter Score, which indicates the satisfaction rate) of 88 points at the end of the year. We invested around R\$ 16 million in 2020, providing a total of 598,430 hours of training.

During the period, CPFL also conducted its Field Learning Program, which is aimed at attracting talents with leadership potential for development in the field during a two-year period. The participants do a job rotation in the Field Operation, Sub-transmission, Works and Maintenance and Operations Center areas.

For 2021, given the efficiency observed in the virtual environment we will convert the leader mentoring program to digital format. The program involves guidance for leaders by a more senior executive in the company.

Average hours of training GRI 404-1

By gender	2018	2019	2020
Men	57.6	55.2	43.8
Women	46.1	58.9	44.9
By functional category			
Leaders ¹	55.9	63.7	35.1
Other employees	54.8	55.4	44.6

1. Leaders: Includes directors, managers, coordinators, supervisors and charge hands.

SDGS ACHIEVED



Universidade CPFL in 2020



R\$ 16 million
invested



350,038 hours
in courses from
Universidade CPFL



1,096 participants
in Study Grant
Program



87,667 participations,
including training
courses and study grants



13,793 employees
trained, corresponding
to 88% of the work
force



248,392 hours
of training in
Professional
Requalification
Programs

¹ Considers the total number of active employees in 2020

Operational Excellence School

GRI 103-1, 103-2, 103-3, 413-1, EU14

Furthermore under the umbrella of the Universidade CPFL, we have the Operational Excellence School to provide training in operational methods and standards for the energy transmission and distribution segments. In addition to company employees, we train members of the communities in which we operate with vocationally oriented courses in three areas: School for Electricians, School for Operators and School for Draftsmen.

In 2020, we reviewed the model of the School for Electricians to promote improvements in access and in the learning process by means of digitalization. We adjusted the programming and workload of the course, further underscoring elements of safety in the program, absolutely essential for work in the electric sector.

We invested around R\$ 5.2 million a year with 24 sessions of the schools, resulting in a total of over 150,000 hours training for 373 people. From this total we hired 212, that is 57% of the persons trained.

SDGS ACHIEVED



REMUNERATION AND BENEFITS

GRI 103-1, 103-2, 103-3, 401-2

Employee remuneration and benefits are based on best market practices. In 2020, we initiated a review of our strategy in this area and implemented a methodology supported by the company's own system, aimed at attracting and recruiting talent. Additionally, with support from an external consultancy we conducted a strategic mapping exercise for senior leadership positions and salaries. The next step involves the review of the other positions and teams at coordination and management levels.

Regarding the benefits package, globally speaking we offer employees medical and dental assistance, a private pension plan, food, meal and transportation vouchers, life insurance, payroll deductible loans, end of year benefits such as a Christmas voucher, school materials and toys for employees' children. The company also provides a program to encourage physical activities, psychological and social assistance and educational subsidies. These may vary in accordance with the company, depending on its operational characteristics and the market.

In 2020, we initiated a project to redesign the company's health plans, which are currently provided by different health plan operators under different contracts. The objective is to adapt the models to good market practices, providing for greater equality in this benefit in the group companies, and simplifying management through the reduction in the number of



CPFL Energia employee

contracts and plan operators. To do this, we contracted a health plan broker to provide support in managing the plans and improving the results for the company and for the users.

With respect to the private pension plan, we implemented a new defined contribution plan with no actuarial risk, in the companies CPFL Paulista, CPFL Piratinga, CPFL Brasil and CPFL Geração. With the implantation, we ended the possibility of new entrants in the variable contribution and defined benefit plans, thus eliminating the actuarial risks linked with the arrival of new employees.

SDGS ACHIEVED



Diversity and inclusion

GRI 103-1, 103-2, 103-3, 405-1, 406-1

We believe that each individual is unique, which is why valuing diversity is a topic that connects with our strategy, our Mission and Our Way of Being. To promote this appreciation of diversity and an increasingly inclusive environment, in 2020 we implemented CPFL + Diversa, a program to organize and orientate our actions to value diversity.

We prioritize three action fronts in the CPFL + Diversa program:

inclusion of persons with disabilities; culture, which encompasses race and generations; and gender, which addresses question of gender equality and LGBTQIA+.

The actions were mapped by each affinity group made up of volunteer employees. The CPFL +Diversa Committee, comprising a sponsor, leaders of the affinity groups and representatives of diverse areas, makes contributions and assesses the actions proposed, focused on the overall vision of the program.

SDGS ACHIEVED



The practices already adopted by CPFL Energia include:



• **Diversity** as one of the central ideas of Our Way of Being.



• **Libras sign language** interpreter at all corporate events.



• **Channel with exclusive content** on Diversity in the Virtual Library.



• **Organization of Monthly Integrity Conversation** on discrimination and prejudice.



• **Calendar** with celebrations and measures to disseminate knowledge on dates associated with diversity.



• **Diversity** as one of the strategic goals of the 2021 Intern Program.



• **Elaboration of diversity indicators** to be monitored.



• **Ratification** of the importance of equality and valuing diversity in our Code of Ethics, as well as training courses and the dissemination of contents on the subject.

For the coming years, our goals and targets related to diversity and inclusion involve:



- **Implement** engagement actions with company leaders and employees.



- **Increase diversity** in the Intern Program and the talent bank.



- **Increase the number of women** in the schools of electricians and in leadership positions.



- **Review** of existing practices and policies.

CPFL Energia employee



Father and daughters share their profession

Within the diversity of our employees, a father and two daughters share their love of the same job: working as electricians. The father, José Carlos, has exercised this activity for 26 years, the last ten of which with CPFL Energia. Experienced, he shares technical tips with his two daughters about the care necessary in the professional routine, reinforcing our practices as a Guardian of Life.

The daughters, when they were small, used to dispute their father's hard hat. When they grew up, opportunity knocked on the door in the form of the School for Electricians, in which they were trained to follow in José Carlos' footsteps. In 2020, the family was part of our team of more than 9,000 field workers, who were and who continue to be fundamental in guaranteeing energy supply for the public.

Ethics and transparency

GRI 102-16, 103-1, 103-2, 103-3, 205-2

We run our businesses and conduct relationships with all our stakeholder groups based on principles of ethics and transparency. This is backed by the Integrity Program, the function of which is to ensure conformance in every area of the company.

Formulated in accordance with law nº 12.846/2013 (Anti-corruption law) and article 42 of decree nº 8.420/15, which regulates this legislation, the Integrity Program comprises pillars and mechanisms that support our decisions, actions, improvements to internal controls and

anti-corruption practices in all company processes.

In 2020, we reinforced the guidelines of the program by means of diverse actions, one of which is the Monthly Integrity Conversation, which addresses subjects such as discrimination, prejudice and harassment.

Moreover, in 2020 the company formulated and disseminated its norm related to gifts, presents and hospitality, making the rules and limits acceptable to the company explicit. It also formulated the norm Relations with Public Agents - aimed at all employees, in particular those involved in commercial activities or the negotiation and management of contracts that require relationships with public agents. The document provides guidelines rang-

ing from the adoption of a transparent agenda between the parties, with the recording of minutes for meetings, to a declaration of interests in the case of possible situations of conflict.

Among the main guidelines, there is the Code of Ethical Conduct which provides guidance for all employees based on company values. There is also the Code of Ethical Conduct for Suppliers, exclusively focused on our business partners. CPFL also has an Anti-corruption Policy which comprises principles for controlling and combating corruption.

Lastly, our positioning is further reinforced by adherence to the Instituto Ethos Business Pact for Integrity and Anti-Corruption and possession of the Empresa Pró-Ética seal.

SDGS ACHIEVED



Anti-corruption

GRI 205-1 e 205-3

At CPFL Energia 100% of our operations are assessed periodically for corruption-related risks. This involves use of the Risk Assessment tool, an annual process in which the Audit, Risks and Compliance area captures the perception of the Board of Executive Officers as to the risks to which the CPFL Group is exposed.

We also undertake a Fraud Risk Analysis and a Sensitivity Assessment, to determine the risk of sensitivity to corruption and verify the need for employee training.

In 2020, we did not identify reports requiring response measures in our External Ethics channel.

All employees and members of the governance bodies receive the Code of Ethical Conduct upon admission to the company and after every revision. They electronically sign a term of commitment to the guidelines established in the document. Additionally, we disseminate our principles and information related to ethics and conduct by means of ongoing training, communication and awareness measures. In 2020, 86% of the work force was covered by these actions. **GRI 205-2**

Employees trained in anti-corruption practices¹ GRI 205-2

	2018		2019		2020	
	Nº of employees	Percentage	Nº of employees	Percentage	Nº of employees	Percentage
Leaders ²	661	87%	683	89%	677	90%
Other employees	8,842	72%	9,609	81%	9,920	85%
Total	9,503	73%	10,292	80%	10,597	86%

¹ CPFL Renováveis data are not included due to the process of migration to CPFL Energia, including the training base. Employees on leave and professionals of CPFL Serviços are also excluded.
² Leaders: Includes directors, managers, coordinators, supervisors and charge hands.



86% of the employees were impacted by training courses and communications on ethics

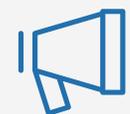
ETHICS CHANNEL GRI 102-17

The company makes an Ethics Channel available 24 hours a day, seven days a week for reporting attitudes or situations contrary to the company values or in violation of legislation.

The reports are received by a specialized team comprising lawyers and psychologists to ensure they are fully understood and addressed. The person making the report receives a control number enabling them to accompany the case until its

conclusion. The reports are handled in accordance with the flow determined by the Integrity Program, which ensures the anonymity and confidentiality of those making the reports.

Disciplinary measures are applied proportional to the transgressions identified. These may include dismissal of the employees involved, the rescission of third-party contracts or legal action, if deemed necessary.



Channels available

CPFL Energia

Telephone access: 0800 601 8670

Website: www.contatoseguro.com.br/cpflenergia

Email: eticacpfl@contatoseguro.com.br

CPFL Renováveis

Telephone access: 0800 601 8671

Website: www.contatoseguro.com.br/cpflrenovaveis



Business Performance

- > MACROECONOMIC AND SECTOR CONJUNCTURE
- > ECONOMIC-FINANCIAL RESULTS

CPFL Energia employee

Macroeconomic conjuncture

2020 was marked by the new Coronavirus pandemic, which had a profound macroeconomic effect on every country. In Brazil, after a heavy adverse impact throughout the first half of the year, we saw clear signs of recovery towards the end of the year, resulting in a smaller decrease in GDP than projected initially.

A clear effect of the crisis was felt in the labor market, with unemployment reaching historical levels. In this aspect, the emergency government aid, which benefited approximately 70 million Brazilians, contributed to a lower drop in economic activity than projected.

Lastly, in the financial markets, we paid close attention to the interest rates and the increased volatility in the exchange rate and the stock exchange, which could impact our businesses.

REGULATORY ENVIRONMENT

The major part of the regulatory discussions in recent years, whose advances were scheduled for 2020, gave way to specific themes related to the pandemic.

We participated actively in discussions with industry associations

CPFL played an active role in sector association discussions. Here we present the main COVID-19 regulatory contingency measures introduced to provide financial relief and mitigate impacts on consumers.

MARCH 2020

Public electric energy distribution services

The Normative Resolutions nº 878/2020 and nº 886/2020, in the first months of the pandemic in Brazil, prohibited the disconnection of residential consumers in the event of delinquency (between March 24 and July 31). Face to face service in agencies, regulatory targets for call center performance, the maintenance of the bill collection structure and individual compensations for power cuts were also suspended, among other measures to reduce the impact on consumers.

JUNE 2020

Guarantee of the financial health of the distributors and consumers

ANEEL approved a decree (ANEEL Ordinance 885/2020 and Decree 10.350/2020) for the creation of the COVID Account, an operation aimed at reducing the financial impact the pandemic had on the companies in the electric power sector, in function of the reduction in consumption

and the increase in delinquency, while at the same time mitigating the impact of the pandemic on tariffs for consumers.

The measure consisted of a loan to the companies in the sector with a ceiling of R\$ 14.8 billion, of which R\$ 1.4 billion was transferred to CPFL Energia as an advance. The amount was offered by the banks led by the Banco Nacional de Desenvolvimento (BNDES), to be paid from the distributors' tariff event, the objective being to preserve the financial health of the companies and to mitigate impacts for consumers.

Additional measures were taken, such as the release of sector funds to relieve the cash situation — release of CONER and ESS funds, advances of PIS and Cofins taxes, discounts on transmission expenditures —, as well as the postponement of the tariff readjustment and suspension of the tariff flag mechanism until November 2020.

JULY AND AUGUST 2020

Resumption of activities

During the period, ANEEL approved alterations to Resolution 878/2020, applied in March, for the return to normal service provision conditions for the companies. This led to the resumption of face to face services for the public, regulated in accordance with the guidance of the

local sanitary authorities; the delivery of printed bills and the possibility of disconnection of energy supply in the event of delinquency.

In relation to the resumption of the disconnection of energy supplies in August 2020, it should be noted that the prohibition of disconnection was maintained for consumer units in which there were people dependent on electric equipment vital for the preservation of life; for low-income residential consumers during the state of emergency of the coronavirus pandemic; in households in which the delivery of the printed bill was suspended without the consumer's agreement; in locations in which the functioning of banks, lottery outlets and other associated units was suspended, or in regions in which the circulation of the public was restricted by public authorities.

DECEMBER 2020

Resumption of the tariff flag mechanisms

After the suspension of the mechanism in March 2020, to mitigate impacts on consumers' energy bills, ANEEL announced the resumption of the tariff flags. In December, the red flag level 2 was established, with tariff transfer, due to the low levels of reservoirs at this time. (More information in Sector conjuncture).

REGULATORY DISCUSSIONS ABOUT THE FUTURE OF THE SECTOR

In addition to the measures taken to combat the pandemic, during the year the Infrastructure Commission of the Federal Senate approved the new regulatory framework for the electric sector (bill of law PLS 232/2016), which permits all consumers to have access to the free energy market within 42 months of the sanction of the change. The text of the bill will undergo another vote in the commission.

Another aspect approved by ANEEL was the revision of the methodology of the Factor X associated with productivity (which is part of the tariff revision methodology). The objective is to reflect the recent history of gains in productivity in the electrical energy distribution segment and the conjunctural variations in the market, in the annual tariff readjustments, depending on the concession contract.

Furthermore, there was the approval of the bill of law 3975/2019 that addresses GSF (Generation Scaling Factor) by the plenary session of the Federal Senate. The measure is aimed at resolving the debts related to hydrological risk (the energy deficit due to generation below the volumes contracted) in order to restore the liquidity and dynamism of the short-term electrical energy market, which has been compromised by judicial injunctions since 2016.

The proposal to review the rules applicable to distributed micro and mini-gener-

ation (Resolution 482/2012) to enhance the credit compensation system was addressed in 2020, but should permeate discussions in 2021.

For next year the electricity market spot price or Difference Settlement Price (PLD Horário) is scheduled to come into force, which will involve the calculation of the daily spot price or PLD, which will be valid for the 24 hours of the following day. Until then, the calculation is on a weekly basis.

A proactive stance in relation to the transformations in the sector

In recent years, we have adopted a proactive stance in diverse electricity sector discussions, and we support the greater empowerment of clients in a sustainable manner.

CPFL Soluções has acted collaboratively in relation to the implementation of the PLD Horário spot price in 2021, the proposals to advance Market Safety, as well as to advance in free market management services.

We are also attentive to the opportunities arising from the liberation of the issue of energy derivatives by the energy commercialization agent Balcão Brasileiro de Comercialização de Energia (BBCE), after authorization by the securities authority CVM (Comissão de Valores Mobiliários).

Economic-financial performance

2020 was challenging for diverse sectors. The increase in delinquency, as well as the drop in consumption due to the pandemic, impacted company results from the 2nd quarter. Nevertheless, efficient cash management, measures to control delinquency and the resumption of disconnection and the gradual return in consumption contributed towards ensuring our financial health.

Worthy of note was our interaction with ANEEL, the Ministry of Mines and Energy (MME) and agents in the creation of the COVID Account, which advanced funds to the distributors, as well as mitigating tariff impacts for consumers. As a result we received a funding advance of some R\$ 1,382 million in 2020, to be settled in upcoming tariff events.

Income statement for the fiscal year – CPFL Energia (R\$ million)

	2018*	2019	2020
Gross operating revenue	42,626	45,009	45,363
Net operating revenue	28,137	29,932	30,898
Cost of electricity	(17,838)	(18,371)	(18,486)
Operating costs and expenses	(6,590)	(7,198)	(7,709)
Result of services	3,708	4,363	4,704
Ebitda	5,637	6,394	6,780
Financial result	(1,103)	(726)	(316)
Profit before taxes	2,940	3,986	4,797
Net profit	2,166	2,748	3,707

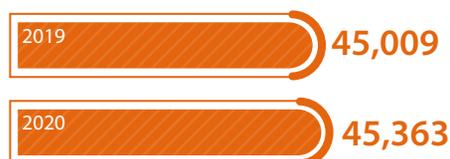
*The data for 2018 were restated.

MAIN INDICATORS

Operating revenue

Increase of 0.8% over 2019, worthy of note being revenue from the construction of infrastructure (23.2%) and other operating revenues (10,2%)

(R\$ MILLION)



Cost of electricity

Increase of 0.6% compared with the previous year, due to higher costs with energy from Itaipu, due to the increase in the dollar and higher sector charges, partially offset by a lower energy purchase cost in bilateral contracts, auctions and short-term energy.

(R\$ MILLION)



Operating costs and expenses

Increase of 7.1%, mainly due to infrastructure construction costs (+22.7%), which have a counterpart in operating revenue. The other costs grew 0.7%, below the inflation rates, worthy of note being the reductions in Third-Party Services (-8.7%), provision for doubtful debts (-2.6%) and personnel (-0.4%).

(R\$ MILLION)



EBITDA

An increase of 6.0%, driven by the strong performance of the Distribution segment, worthy of note being the gains in market and tariffs and in the concession financial asset, as well as the positive result obtained by the Generation segment, principally due to the free market GSF solution, which had been under discussion in the sector for years.

(R\$ MILLION)



Net income

Increase of 34.9%, the result principally of the increase in EBITDA, the improved financial results and the recognition of tax credits.

(R\$ MILLION)



Tariff readjustments

In 2020, the distributors CPFL Santa Cruz, CPFL Paulista, RGE and CPFL Piratininga obtained positive average tariff readjustments, of 0.20%, 6.05%, 6.09% and 9.82%, respectively.

Indebtedness

At the end of 2020, our net indebtedness in accordance with IFRS totaled R\$ 15.3 billion, a reduction of 6.6% compared with the previous year. The financial debt, which comprehends loans and financing, bonds and mutual funds, was R\$ 19.2 billion at the end of December 2020. The reduction occurred mainly in function of the optimization of funding in the Generation segment as a result of the acquisition of the remaining portion of CPFL Renováveis in 2019, which permitted better management of indebtedness.

It should be noted that we seek to mitigate possible exposures to the risks of market fluctuations. In this respect, part of the debts, around R\$ 6.2 billion, are covered by hedging operations. For foreign currency debt, for example, which represents around 32% of total debt (according to IFRS), swap operations were contracted aimed at protecting exchange rates and the rate linked with the contract.

In the year, leverage in accordance with the criteria established under the company's financial covenants (which consider the proportional consolidation of the assets Ceran, Enercan, Foz do Chapecó and Epasa) was reduced from 2.52x in December 2019 to 2.19x, measured by Net Debt over EBITDA.

Investments

Even faced with such a challenging situation, the company maintained its investment, which in 2020 totaled R\$ 2.81 billion, an increase of 24.6% compared with the R\$ 2.25 billion invested the previous year. The most part of the investment, 82.5%, was in the Distribution segment, with particular focus on expanding, modernizing and maintaining the electric system.

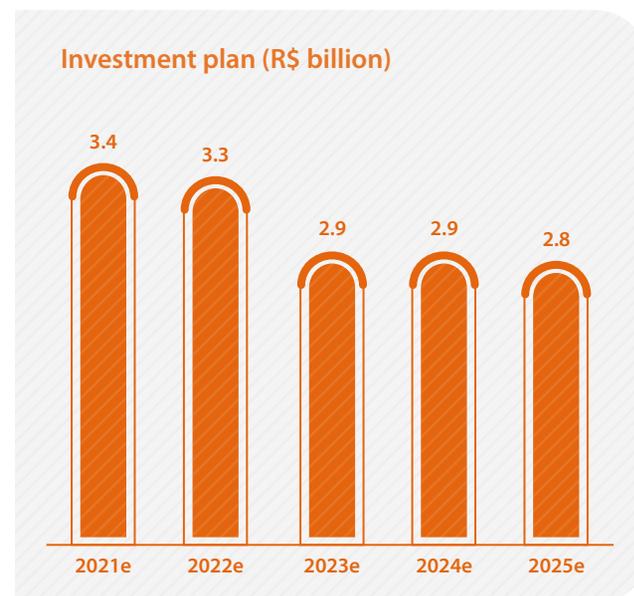
For the coming years we have projected investments for the period from 2021 to 2025 of around R\$ 15.22 billion, discussed previously by the Budget and Corporate Finance Committee and approved in 2020 by the Board of Directors.

CAPITAL MARKET

CPFL Energia shares are traded on the B3 Novo Mercado, the segment with the highest level of corporate governance. The shares closed at R\$ 32.55 on December 31, 2020, an 8.4% reduction compared with the end of 2019. The average daily trading volume in the period was R\$ 98 million, an increase of 64% over the previous year.

During the year, CPFL Energia announced the delisting of its American Depositary Receipts (ADRs) from the New York Stock Exchange – NYSE, as well as the cancellation of its registration with the United States Securities and Exchange Commission (SEC).

It was the company's understanding that the economic rationale for maintaining listing on the NYSE had diminished, due



in part to the increase in the volume of Brazilian shares traded on the B3 by foreign investors, due to the internationalization of the Brazilian financial and capitals markets, as well as the decreased distance between the standards of disclosure in Brazil and in the USA with respect to financial reporting. This was compounded by the downward trend in the volume of the company's ADRs traded on the NYSE in recent years.

It should be noted that in addition to joining Ibovespa, we were listed on other foreign indexes in 2020, such as the Morgan Stanley Capital International MSCI Emerging Markets, MSCI Latin America and MSCI Brazil (June 2020).

DIVIDENDS

In 2020, we approved the payment of dividends on 2019 earnings, with a payout ratio of 80%. In the Ordinary General Meeting held on July 27, 2020, the payment of dividends amounting to R\$ 2,075 million was approved, equivalent to R\$ 1.80 per ordinary share. Shareholders holding shares on July 27, 2020 were entitled to the dividends. From July 28, 2020, the shares started trading "ex-dividend" on the B3 exchange.

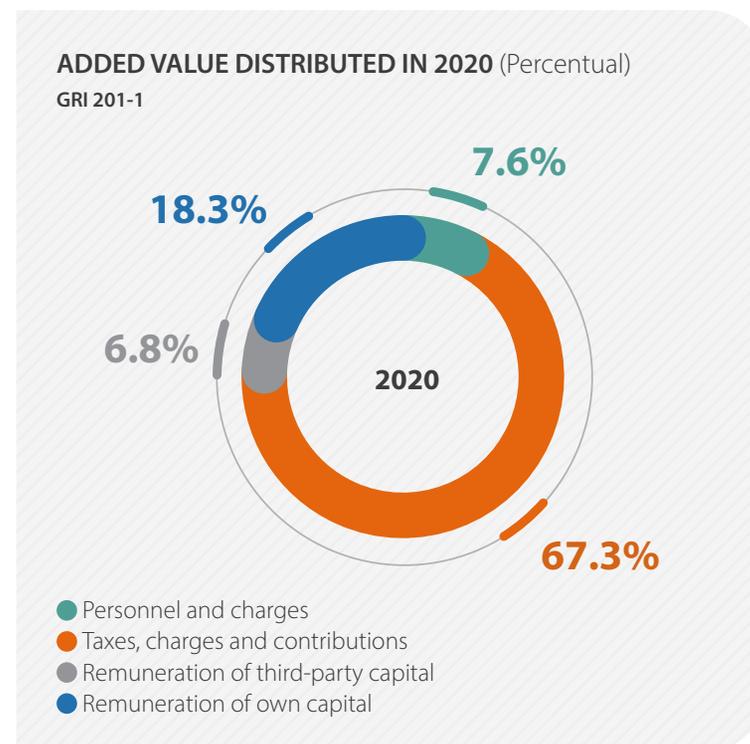
It should be noted that in accordance with our Dividend Policy, we maintain the rule that stipulates the distribution of at least 50% of our adjusted net income in the form of dividends,

In 2020, we were recognized by the Financial Times' The Banker as the best offering in 2019

higher than the 25% provided for in Brazilian corporate legislation. The Dividend Policy is available on the [Investor Relations](#) website

DISTRIBUTION OF ADDED VALUE GRI 103,1, 103-2, 103-3, 201-1

In 2020, our added value totaled R\$ 20.3 billion, a reduction of 0.9% compared with the previous year. This may be attributed to the increase in the cost of materials and third-party services contracted, given that during the year there was a general increase in price indicators. The most significant portion, 67.3%, refers to taxes, charges and contributions, due to the taxation model. The main variations in the annual comparison were remuneration of own equity, directly related to the increase in net profit compared with the previous year.



Value added statement (R\$ million) GRI 201-1

	2018	2019	2020
Revenue	42,760	45,092	45,490
Inputs acquired from third-parties	(23,379)	(24,304)	(24,969)
Gross added value	19,381	20,789	20,521
Retentions	(1,602)	(1,688)	(1,674)
Added value received in transfer	1,183	1,331	1,411
Net added value for distribution	18,962	20,432	20,257
Personnel and charges	1,391	1,475	1,540
Taxes, charges and contributions	13,453	14,477	13,626
Remuneration of third-party capital	1,952	1,731	1,384
Remuneration of own capital	2,166	2,748	3,707



About the report



CPFL Energia employees

In order to reinforce transparency and accountability to our stakeholders, the CPFL Energia 2020 Annual Report presents the performance and management of all the businesses from the perspective of our stakeholders, as well as the advances in the commitments assumed in our Sustainability Plan. **GRI 102-45**

Published annually, this report refers to the period from January 1 to December 31 2020. It was elaborated in accordance with the Core option of the Standards version of the Global Reporting Initiative (GRI) guidelines, as well as the integrated reporting principles proposed by the International Integrated Reporting Council (IIRC), and the Sustainable Development Goals (SDGs), defined in the United Nations Organization's (UNO) 2030 Agenda. **GRI 102-50, 102-52, 102-54**

Any doubts, suggestions and requests for further information may be addressed to sustentabilidade@cpfl.com.br.

GRI 102-53

Materiality matrix

To elaborate the content we prioritized information related to the most relevant aspects indicated in our materiality matrix, a biennial process in which we consult our stakeholder groups to identify topics provoking greater impact on sustainability which should guide our strategy, Sustainability Plan and performance reporting. A review of our matrix was undertaken in 2020 and involved the following stages:

Materiality process

GRI 102-40, 102-42, 102-44, 102-46, 102-47, 102-48, 102-49



- **Definition of stakeholder groups and consultation methods:** 10 distinct groups were considered for consultation — senior management, investors, employees, clients, suppliers, sector regulators and entities, community, press, civil society and sector associations.

+ 6 stakeholder groups considered



- **Online research and secondary sources:** we conducted online research with stakeholder groups and analyzed internal and external documents to prioritize topics. Because of the pandemic we did not conduct face to face focus groups.

784 responses in 2020

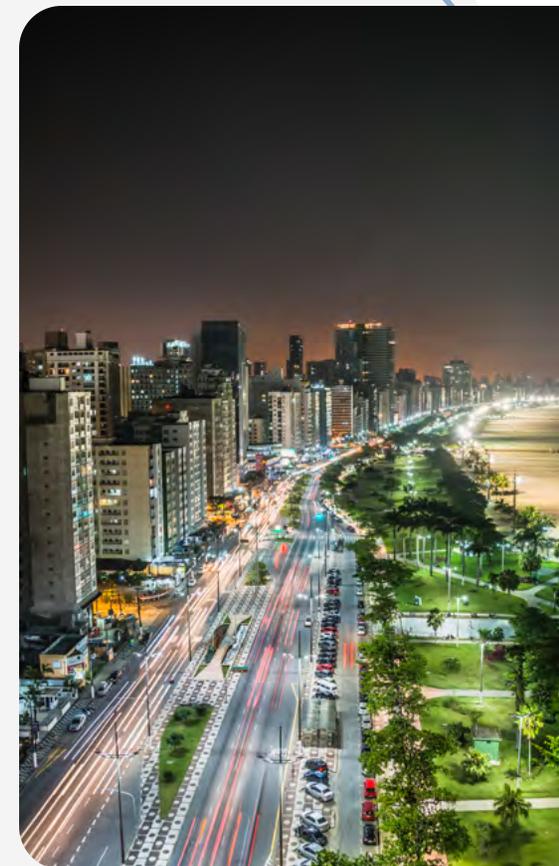


- **Internal alignment and topics for consultation:** we considered 16 topics related to environmental, social, governance and business aspects. These were mapped based principally on our strategy and Sustainability Plan; the result of the 2018 materiality process and a sector benchmark.

+ 5 topics for consultation



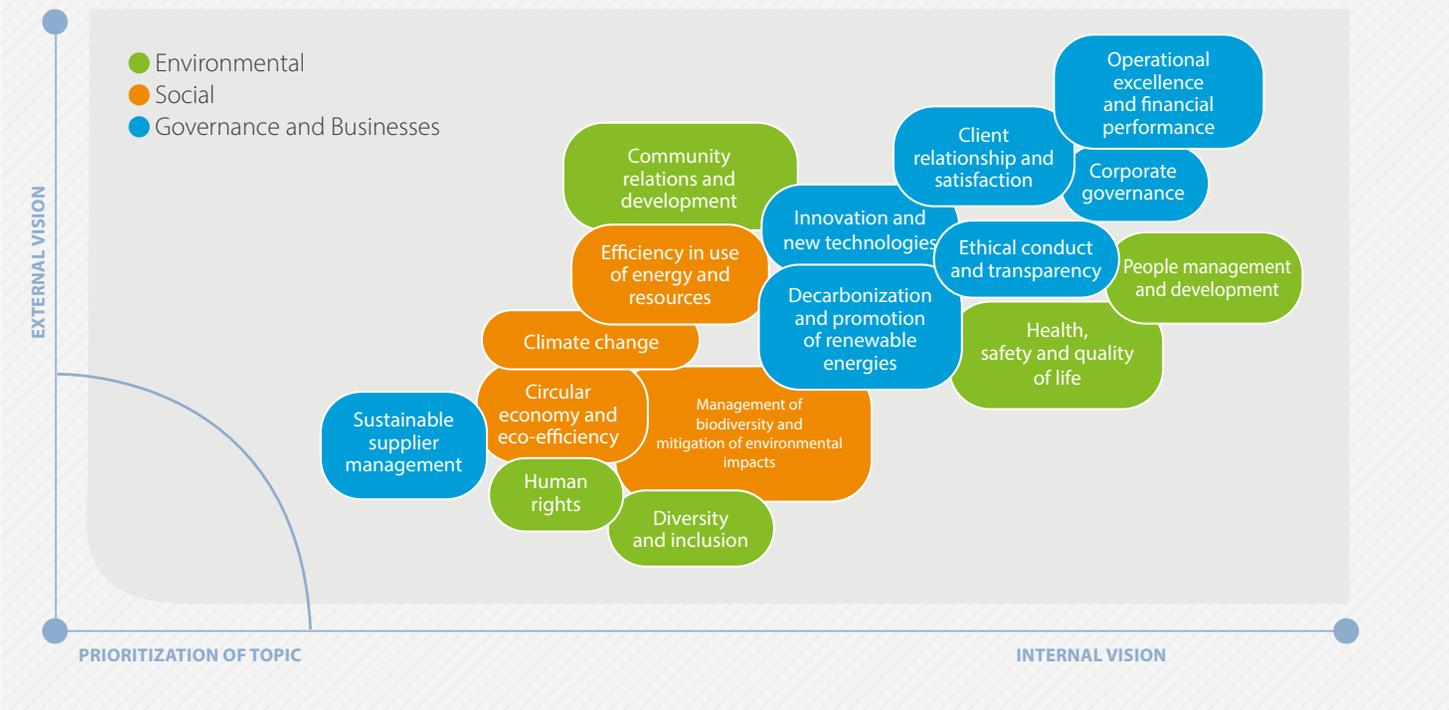
- **Materiality Matrix:** the process resulted in the consolidation of the topics having greater impact and influence from the perspective of our stakeholder groups, reported especially in our Annual Report.



Santos - SP



Material topics GRI 102-44; 102-47



We consulted a total of 784 stakeholders by online research, as well as 40 institutions, especially in the electricity sector and civil society, and more than 20 internal and external documents

STAKEHOLDER ENGAGEMENT GRI 102-42, 102-43

We believe value generation is intensified by working closely and transparently with our stakeholder groups. To shape our management model in line with the interests of our stakeholders, we have a standard of engagement and tools to monitor the impacts generated by our actions, define strategies, identify opportunities, mitigate risks and generate value.

Based on assessment of the level of impact they suffer from the company and the degree of influence they exercise over the businesses, as well as the incidence of interactions with diverse company areas, we identify and prioritize our stakeholder groups. As a result of this survey, we develop our Stakeholder Map, comprising different groups and their respective levels of impact and influence.

Engagement with our stakeholders occurs by means of different communication channels, such as websites, social networks, call center, email, chats, events, face to face and periodic meetings, accompaniment via telephone, workshops, opinion surveys and others.

Engagement initiative highlights GRI 102-43

- **Senior management:** CPFL Energia 2020-2024 strategic planning, senior management messages for the Sustainability report, and State Grid: Corporate Social Responsibility Report 2019, among others
- **Employees:** Research with internal audience such as Great Place to Work (GPTW), Top Employers, Reputation Diagnosis and Our Way of Being.
- **Clients and consumers:** Satisfaction surveys (ABRADEE), Ombudsman Report and relationship with COCENs - Electricity Consumer Council, a consulting body comprising representatives of the main classes of consumers.
- **Investors:** organization of events with investees in 2020 presenting the company's ESG practices and Sustainability Plan. Consultation of materials such as B3 ISE, SASB, Sustainalytics, MSCI and the Principles for Responsible Investment for the definition of material topics and indicators.
- **Suppliers:** Reputation diagnosis with suppliers, research into sustainability and recognition practices by means of the Mais Valor Award.
- **Communities:** Instituto CPFL initiatives, social network reports and elaboration of the study Social Investment Topics - Collaborative Philanthropy.
- **Sector regulators and agencies:** periodic interactions with the Ministry of Mines and Energy (MME), the sector regulator ANEEL (Agência Nacional de Energia Elétrica), National System Operator (ONS - Operador Nacional do Sistema), EPE (Empresa de Pesquisa Energética), CCEE (Câmara de Comercialização de Energia Elétrica) and the sector association ABRADEE (Associação Brasileira de Distribuidores de Energia Elétrica), among others.
- **Press:** 2019 Annual Reputation Report, 2020 monthly reports and meeting demands related to Covid-19, in addition to meetings and events with groups of regional and national vehicles to disseminate information and provide responses to questions.



Universidade CPFL employee



GRI content attachment

Maintenance of Public Lighting



GRI content attachment

GRI 102-8 | INFORMATION ABOUT EMPLOYEES AND OTHER WORKERS¹

Employees by type of work contract and gender

Type of contract	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent	10,441	2,533	12,974	10,795	2,462	13,257	11,071	2,510	13,581
Temporary	2	0	2	37	5	42	23	3	26
Total	10,443	2,533	12,976	10,832	2,467	13,299	11,094	2,513	13,607

Employees by type of work contract and region

Region	2018			2019			2020		
	Fixed term	Permanent	Total	Fixed term	Permanent	Total	Fixed term	Fixed term	Total
NW	0	0	0	0	0	0	0	0	0
NE	0	0	0	137	0	137	151	0	151
MW	0	0	0	7	0	7	10	0	13,607
SE	9,219	2	9,221	9,420	42	9,462	9,725	26	9,751
South	3,755	0	3,755	3,693	0	3,693	3,695	0	3,695
Total	12,974	2	12,976	13,257	42	13,299	13,581	26	13,607

Employees by type of employment

Type of employment	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	10,408	2,497	12,905	10,812	2,427	13,239	11,077	2,482	13,559
Part-time	35	36	71	20	40	60	17	31	48
Total	10,443	2,533	12,976	10,832	2,467	13,299	11,094	2,513	13,607

1. The indicators refer to the end of December 2020.



Employees by functional category	2020
Director level	64
Management	226
Heads/coordination	380
Technical/supervision	219
Administrative	3,874
Operational	8,834
Trainees	10
Total	13,607

Note * The table considers CPFL and CPFL Renováveis

Employees by age group	2018	2019	2020
< 30 years	3,796	3,699	3,453
From 30 to 50 years	7,903	8,388	8,866
> 50 years	1,277	1,212	1,288
Total	12,976	13,299	13,607

Note * The tables take into account CPFL and CPFL Renováveis

Individuals in the governance bodies	2020
Board of Directors	7

GRI 102-12 | EXTERNAL INITIATIVES

Our company is a signatory to the following commitments to promote sustainable development:

- Global Compact Brazil Network (United Nations – UN)
- We participate in the Brazilian Committee and the Climate Action and SDG platforms, as well as presiding the Board of Directors • Open Letter on Carbon Pricing (Business Climate Initiative – IEC)
- CEO Guide to the Sustainable Development Goals (*World Business Council for Sustainable Development – WBCSD*)
- Supporting letter for the *Task Force on Climate-related Financial Disclosures – TCFD (Financial Stability Board – FSB)*
- RGE, UNICEF, and You Initiative - Friends of the Child (United Nations Children's Fund – UNICEF)

- Brazilian Business Commitment to Water Security (Brazilian Business Council for Sustainable Development – CEBDS)
- São Paulo Environmental Agreement – initiative to reduce greenhouse gas emissions and encourage sustainability actions (government of São Paulo and CETESB)
- Program to Combat Child Labor (Labor Courts)
- Center for Sustainability Studies (Fundação Getulio Vargas – FGVces)
- Business Initiatives (iE)
- Brazil GHG Protocol Program
- Public Emissions Registry

GRI 102-13 | MEMBERSHIP OF ASSOCIATIONS

Aimed at making a contribution to strengthen the power sector and the capacity to generate value at an institutional level we are members of diverse associations, including:

- Associação Brasileira de Distribuidores de Energia Elétrica (Brazilian Association of Electricity Distributors – Abradee)
- Associação Brasileira da Infraestrutura e Indústrias de Base (Brazilian Association of Infrastructure and Basic Industries – AbdiB)
- Associação Brasileira dos Comercializadores de Energia (Brazilian Association of Energy Traders – Abraceel)
- Associação Brasileira de Energia Solar Fotovoltaica (Brazilian Photovoltaic Solar Energy Association – ABSolar)
- Associação Brasileira de Geradoras de Energia (Brazilian Association of Energy Generators - Abrage)



- Associação Brasileira de PCHs e CGHs (Brazilian Association of SHPPs and HGPs - ABRAPCH)
- Instituto Acende Brasil -
- Associação Brasileira dos Produtores Independentes de Energia Elétrica (Brazilian Association of Independent Power Producers – Apine)
- Federação das Indústrias do Estado de São Paulo (Federation of Industries of the State of São Paulo –Fiesp)

- Associação Brasileira de Energia Eólica (Brazilian Wind Energy Association – Abeeólica)
- Grupo de Trabalho Agentes do Rio Tocantins (Rio Tocantins Agents Working Group)
- Comitê Nacional Brasileiro de Produção e Transmissão de Energia Elétrica (Brazilian National Energy Production and Transmission Committee - CIGRE)
- United Nations Global Compact
- Associação Brasileira das Companhias

- Abertas (Brazilian Association of Publicly Traded Companies - ABRASCA)
- Associação Brasileira dos Contadores do Setor de Energia Elétrica (Brazilian Association of Power Sector Accountants - ABRACONEE)
- Carbon Disclosure Protocol (CDP)
- Associação Brasileira de Gerência de Riscos (Brazilian Risk Management Association - ABGR)
- Associação Brasileira de Recursos

- Humanos (Brazilian Human Resources Association - ABRH)
- Instituto dos Auditores Internos do Brasil (Institute of Internal Auditors of Brazil - IIA Brasil)
- Fundação COGE
- Centro de Estratégias em Recursos Naturais e Energia (Center of Strategies in Natural Resources and Energy - CERNE)

GRI 102-24 | NOMINATING AND SELECTING THE HIGHEST GOVERNANCE BODY

We follow the rules established by Law No. 6.404/76, Novo Mercado Regulations, and the Brazilian Securities and Exchange Commission's (CVM) Instructions on the appointment of members of the Board of Directors.

In the selection of members, we seek professionals aligned with CPFL Energia principles and values. Members are selected from among experienced professionals with diverse training and who collectively have proven experience in the power sector or in their respective areas of activity. Moreover, discussions about potential new board appointments take into account candidates' availability, since the Board of Directors meets at least 12 times a year, as established in company bylaws.

Regarding the choice of members of the Advisory Committees to the Board of Directors, the Chairman of the Board of Directors receives assistance from the human resources and performance management department, and possible candidates are indicated based on their specific knowledge and experience.

GRI 102-26 | ROLE OF HIGHEST GOVERNANCE BODY IN SETTING PURPOSE, VALUES AND STRATEGY

The Board of Executive Directors is responsible for proposing strategies, policies and targets, including the strategic plan, which is presented to the Strategy Commission and must be approved by the Board of Directors.

The main initiatives in the business plans are broken down into targets for senior management, analyzed by the Human Resources Management Committee and

submitted for approval by the Board of Directors, and then cascaded down to all the directors and managers and their respective teams.

The definition of CPFL guidelines is based on analysis of the external environment, market trends and annual reflection on the mission and vision by the Executive Strategy Commission, aligning the company culture with long-term strategy.

GRI 102-27 | COLLECTIVE KNOWLEDGE OF THE HIGHEST GOVERNANCE BODY

For the annual review of strategic planning, we organize talks with external specialists to provide inputs for analysis of scenarios and reflection on subjects that are fundamental for the future of the business. In 2020, three talks were held on the following topics:

- **Market Trends, with Luiz Barroso, CEO of PSR:** main scopes and complexities of the sector's regulatory agenda, focused on clarity about market movements and opportunities;
- **Macroeconomic Scenario, with the head economist of BNP Paribas, Gustavo Arruda:** advances and challenges in the Brazilian economy, including the main indicators and projections for the country in the coming years
- **Competitive Scenario, with Miguel Rodrigues, from Morgan Stanley bank:** strategic vision of positioning and recent movements of the main players in the sector.

GRI 102-35 AND 102-36 | REMUNERATION POLICIES AND PROCESS FOR DETERMINING REMUNERATION

The company has a Board of Directors comprising seven members, two of whom are internal and are only remunerated for their functions as executives of the company; two independent members are remunerated in accordance with market parameters; and three external members, of whom only one is remunerated in accordance with market parameters. No members of the Board of Directors receive any additional remuneration for their functions as members of advisory committees to the Board.

The three members of the Fiscal Council receive fees in line with market parameters and legal guidelines. The members of the Board of Directors and the Fiscal Council receive fixed monthly fees.

The executives on the Statutory Board receive a fixed monthly remuneration,

benefits and short and long-term incentives. The direct and indirect benefits, such as medical and dental assistance, life insurance, meal vouchers etc, are aligned with market practices.

Short-term incentives are aimed at shaping executive performance to successfully execute company business strategy, while long-term incentives have the purpose of creating vision and commitment, aligning individual interests with the creation of sustainable value.

The global remuneration of these groups is established at the General Shareholders' Meeting, with proposals based on market research and prior assessment by the Human Resources Management Committee that advises the Board of Directors. For employees, salary surveys are significant inputs, by means of an internal process overseen by the People and Performance Management area.

GRI 302-1 | ENERGY CONSUMPTION WITHIN THE ORGANIZATION

In 2020, we consumed 54,667.5 MWh of electricity (196,858 GJ). Additionally, the total energy consumed was 44,240,812 GJ, as shown in the following table.

Energy consumption from renewable sources (GJ)	2018	2019	2020
Sugarcane bagasse	21,173,765	38,547,440	42,658,935
Ethanol (based on 27% blend in gasoline)	47,256	58,112	51,879
Biodiesel (10% blend in diesel)	21,026	21,665	34,656
Total	21,242,047	38,627,217	42,745,470

Consumption of fuel from non-renewable sources (GJ)	2018	2019	2020
Diesel	221,644	215,080	344,043
Gasoline	28,968	32,131	28,615
LPG	446	177 ¹	109
Fuel oil	4,276,440	2,048,137	1,122,575
Total	4,527,498²	2,295,525³	1,495,342

1. Value added post audit

2. Value adjusted post audit

3. Value adjusted post audit

Total energy consumed (GJ)	2018	2019	2020
Fuels from non-renewable sources	4,527,498	2,295,525	1,495,342
Fuels from renewable sources	21,242,047	38,627,217	42,745,470
Total	25,769,545	40,922,742	44,240,812

GRI 302-5 | REDUCTION IN ENERGY REQUIREMENTS OF PRODUCTS AND SERVICES

In 2020, CPFL Energia invested R\$ 164 million in energy efficiency projects driving annual savings of 134,720 MWh of electricity. This energy is enough for the annual power requirements of 56,815 residences with an average consumption of 197.6 kWh/month.

The calculation was based on the energy efficiency projects that received investments in 2020, regardless of whether they were initiated or ended during the course of the year. Additionally, the calculation of the projected reduction in electrical energy in each project was done using International Performance for Measurement and Verification Protocol (MVP) methodology, published by the Efficiency Valuation Organization or EVO. This methodology is adopted by ANEEL for energy efficiency programs to calculate the demand and the energy saved with the implementation of projects.

We invested R\$ 164 million in energy efficiency projects driving annual savings of 134,720 MWh of electricity.

Energy Efficiency Program (Programa de Eficiência Energética - PEE)

PEE investments in 2020 (R\$)	2019	2020
Educational	2,906,349	5,897,621
Public Lighting	971,077	20,186,276
Low-Income	24,036,634	50,801,725
Residential	2,254,038	15,687,974
Management Plan	2,036,057	657,702
Commerce and Services	13,134,191	30,962,462
Industrial	2,563,040	796,569
Public Authorities	21,147,253	32,213,990
Public Services	3,321,615	6,819,767
Total	72,370,255	164,024,087

Results of projects concluded and submitted to Aneel with investments in 2020	2019	2020
Energy saved (MWh)	40,278	134,720
Reduction in CO ₂ (tons) ¹	2,825	8,097
Equivalent in trees planted (units)	16,951	48,580
Reduction in end demand (MW)	13,844	21,441
Lamps (units)	558,285	503,149
Regularization of clandestine residences	8,319	3,480
Hospitals (units)	128	67
Students (e.g.: CPFL in the Schools)	958	25,759
Solar Heaters (units)	12,180	51,120
Heat Exchangers (units)	6,832	4,396
Refrigerators (units)	3,800	16,858

1. Considers the median SIN (National Interconnected Grid System) factor to calculate emissions



GRI 303-1 | INTERACTIONS WITH WATER AS A SHARED RESOURCE

The main water consumption at the generation units is for human use, that is, in bathrooms, canteens and sinks. This water is drawn directly from Artesian wells or bought from suppliers who transport it by tanker truck.

Water is used for industrial purposes only in the biomass plants and in some SHPPs, for chilling purposes and/or for feeding the boiler. In the case of CPFL Renováveis, the water is withdrawn by the company itself, with an appropriate permit, or by the alcohol and/or sugar mill supplying the biomass. A large part of this input is recirculated in the system and reused many times in the process with a view to reducing water consumption.

The impacts of these operations are surveyed when the environmental study is undertaken during the environmental licensing phase, as well as throughout the operational phase. As part of the environmental plans of the plants, we conduct monitoring of physical environment aspects (quality of water, potability, wastewater, atmospheric emissions), biotic environment such as fauna (control of population of golden mussel, ichthyofauna, herpetofauna, avifauna, mammals), and flora (control of aquatic macrophytes, reforestation plan (PRAD - Degraded Area Reclamation Plan) and socio-economic (environmental education and social communication) plans. All the initiatives

are aimed at compliance with the legislation and regulations in force, permits and other conditions of operating licenses granted to the operations.

In the administrative buildings, the properties rented and owned by the CPFL group receive water supplies from the public networks in each municipality.

GENERATION ASSETS UNDER CONSTRUCTION

In the works for the Gameleira Wind Complex, water was consumed, especially in the production of concrete for the bases of the wind turbines. To a lesser extent, water is used to moisten the internal access channels for the control of particulate material, as well as for human use.

In 2020, there were no significant impacts related to water, given that it was used temporarily during the works. Furthermore, the volumes withdrawn are within the limits established in the permit, and the wastewater was disposed of in accordance with legislation.

GENERATION ASSETS IN OPERATION

Water-related impacts result from the damming of rivers, with direct impacts on water quality and on ichthyofauna. As part of the environmental programs, we monitor water quality. We exercise control over the population of golden mussel, the discharge of wastewater, aquatic macrophytes, the cold and thermal aquifers,

as well as maintaining inspections of the reservoirs and bordering areas.

Moreover, the power plants promote environmental awareness by means of socio-environmental projects implanted among surrounding communities, such as conservation projects for protected areas and the reclamation of springs.

GRI 303-2 | MANAGEMENT OF WATER RELATED-DISCHARGE IMPACTS

The minimum standards adopted by CPFL Renováveis for the quality of wastewater discharges are aligned with the parameters established by the environmental licensing authorities in each state or by municipal, state or federal legislation.

Since water consumption inside the CPFL Renováveis installations is mostly for human use, the standards used in the monitoring programs are related to organic pollutant load. For sanitary and industrial effluents, other standards such as organic pollution, mineral and vegetable oils, detergents, among others, are also assessed. Discharge is undertaken in accordance with local, state or federal requirements.

In the Baesa, Enercan and Ceran generation units, the effluents generated are channeled to the wastewater treatment plant. At Epasa, industrial effluent is monitored by means of the collection of samples and quality control analyses.

In the case of the Gameleira Wind Complex, federal legislation was adopted as a parameter for the effluents from the works. These were treated by a duly licensed company, with the emission of treatment certificates.

The administrative buildings rented and owned by the CPFL group receive water from the public utility in each municipality, which is also responsible for the discharge.

GRI 303-5 | WATER CONSUMPTION

In 2020, the water consumption in our administrative buildings was 187.5 megaliters.

With the legal restructuring of our generation assets, we are standardizing the collection and management of data. It was not possible to trace the data for 2020 via the audit process.

In the next reporting cycle we will report the total water consumption of the CPFL Energia group.

GRI 304-1 | OPERATIONAL SITES OWNED, LEASED, MANAGED IN, OR ADJACENT TO, PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

Operational unit	Area (hectares)	Location in relation to conservation areas (outside/inside/adjacent/close)
SHPP Boa Vista II	261	Adjacent to Nova Baden State Park
SHPP Jaguari	118	Adjacent to Campinas Environmental Protection Area (APA) and Piracicaba Juquerí-Mirim Area II APA
SHPP Ludesa	1,002	Close to (9 km) Mata Preta Ecological Station
SHPP Ninho da Água	24	Inside Serra da Mantiqueira APA
SHPP Novo Horizonte	82	Adjacent to Rio Turvo State Park
SHPP Salto Grande	20	Adjacent to Campinas APA
SHPP Santana	178	Adjacent to Mata do Jacaré Ecological Station
SHPP São Gonçalo	231	Close to (5 km) Piracicaba APA
SHPP Socorro	6	Close to (10 km) Piracicaba Juquerí-Mirim Area II APA
PVP Tanquinho	42	Close (0.5 km) to Campinas APA
Baia Formosa Biomass	-	Close to (3 km) Mata Estrela Private Natural Heritage Reserve and close to (5km) Piquiri – Una APA
Ester Biomass	-	Close to (8 km) Matão de Cosmópolis area of relevant ecological interest
Ipê Biomass	-	Close to (7 km) Aguapeí State Park
Bio Pedra Biomass	-	Close to (5 km) Guarani Municipal Ecological Station
SHPP Macaco Branco	7	Close
SHPP Rio do Peixe II	126	Close
HGP São José	865	Adjacent to Carlos Botelho State Park
HGP Lavrinhas	51	Close to Carlos Botelho State Park
HGP Turvinho	14	Close to Carlos Botelho State Park
HGP Santa Alice	1	Close

Operational unit	Company area (hectares)	Position in relation to conservation unit (outside/inside/adjacent/close)
HGP São Sebastião	8	Close
HGP Pinheirinho	44	Close
HPP Barra Grande	12580	Close
HPP Campos Novos	5	Close
HPP Monte Claro	449	Close
HPP 14 de Julho	797	Close
HPP Castro Alves	1	Close
HPP Foz do Chapecó	13,461	Close
HPP Luis Eduardo Magalhães	5,669	Adjacent to Lajeado APA and Lago APA
SHPP Cherobim	189	Inside APA (Devonian escarpment)
HPP Foz do Chapecó	79	Reservoir - Close to Chapecó National Forest – FLONA
HPP Foz do Chapecó	5	Permanent Preservation Area - Close to Chapecó National Forest – FLONA
BAESA - protected areas	4,242	Close to natural heritage private reservation Emilio Einsfeld Filho
BAESA - reclaimed areas	403	Close to natural heritage private reservation Emilio Einsfeld Filho
ENERCAN - protected areas	2,252	Close to Parque Rio Canoas
ENERCAN - reclaimed area	430	Close to Parque Rio Canoas
CERAN - Castro Alves hydroelectric plant	1	Outside
CERAN - Monte Claro hydroelectric plant	462	Outside
CERAN - QJ hydroelectric plant	803	Outside
Gameleira Wind Complex	58	Outside
Epasa (TPPs Termoparaíba and Termonordeste)	79	Outside

GRI 304-2 | SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS, AND SERVICES ON BIODIVERSITY

In generation, we guarantee the multiple use of the hydroelectric plant reservoirs, which ranges from water withdrawal by the community, to fishing and water sports.

Given the impacts of the growth of aquatic plants in artificial reservoirs in recent years, CPFL controls the growth of this vegetation mechanically in diverse reservoirs.

Specifically for the SHPP Americana, we made a proposal to the environmental authorities to undertake the induced alteration of the operational level of the water, unprecedented in this type of operation.

This is a technique which is an alternative and complementary option for the control of underwater, marginal and floating macrophytes which accumulate on the banks of the reservoir. By depleting the normal maximum level of the reservoir, it is expected that the root systems of the floating and submerged plants (Eichhornia crassipes, Egeria densa, Cabomba caroliniana, Potamogeton pectinatus, among others) will be exposed directly to the air which will cause them to dehydrate and die. This will reduce the density of the vegetation, improving the environmental conditions of the reservoir.

This method has proven effective in other reservoirs in the state of São Paulo, showing successful results in controlling the density of vegetation with no significant negative effects on other components of the aquatic biota (Debastiani & Nogueira, 2015; Portinho & Nogueira, 2017).

The initiative was approved by the public authorities in 2020 and is being enhanced, with implementation scheduled in the coming years in the Salto Grande reservoir of the SHPP Americana.

It is important to stress that the definitive solution for the growth of the macrophytes will only be achieved by the action of public and government authorities. This will involve treating discharges in the basin from diverse diffuse sources, resulting in water with suitable levels of the nutrients essential for vegetable growth.

It should be understood that the responsibility for the full and definitive solution of this situation affecting the reservoirs goes beyond the limits of the competency of CPFL Renováveis, as well as beyond the geographical limits of its reservoirs and properties, due to the high complexity of the situation and the dependence on diverse government bodies to correct the deficiencies in sanitation.



GRI 305-1 | DIRECT (SCOPE 1) GHG EMISSIONS

Direct greenhouse gas emissions (tCO ₂ equivalent)	2018	2019	2020
Generation of electricity, heat or steam	391,781.4	259,992.9	199,761.9
Change in soil use	283,946.3	145,616.0	78,975.30
Transport of materials, products, waste, employees and passengers	16,783.7	18,884.6	27,556.8
Fugitive emissions	2,582.8	848.3	1,524.3
Solid waste and effluents	4.3	12.6	10.3
Total	695,098.6	425,354.3	307,828.6

Biogenic CO ₂ emissions (tCO ₂ equivalent)	2018	2019	2020
	2,801,900.0	5,034,376.3	5,568,055.8

GRI 305-2 | ENERGY INDIRECT (SCOPE 2) GHG EMISSIONS

Indirect emissions from the acquisition of energy (tCO ₂ equivalent)	2018	2019	2020
	347,300.0	359,285.5	290,661.8

GRI 305-3 | OTHER INDIRECT (SCOPE 3) GHG EMISSIONS

Other greenhouse gas emissions (tCO ₂ equivalent)	2018	2019	2020
Upstream			
Goods and services acquired	1,781.6	26,494.31	4,725.8
Activities related to energy and fuels	150,178.0	-	-
Waste generated in the operations	4,866.0	3,012.4	6,014.8
Business travel	1,849.7	2,623.4	2,239.6
Employee transportation	596.6	686.0	210.3
Total	159,271.9	32,816.1	13,190.6

Biogenic CO ₂ emissions (tCO ₂ equivalent)	2018	2019	2020
	185.7	99.9	476.7

GRI 305-4 | GHG EMISSIONS INTENSITY

Greenhouse gas emissions intensity	2018	2019	2020
By energy generated (tCO ₂ e E1/GWh)	63.4	32.5	27.0
By energy distributed (tCO ₂ e/GWh)	5.2	5.2	4.4
By net operating revenue (tCO ₂ e E1+E2/R\$ million)	37.0	26.2	19.4

GRI 306-1 | WATER DISCHARGE BY QUALITY AND DESTINATION

In 2020, the total wastewater generated was 166,536 m³.

GRI 306-2 | WASTE BY TYPE AND DISPOSAL METHOD

Distribution and other companies

Waste by destination (t)	2020
Non-hazardous	
Sanitary landfill	226.33
Recycling	34.90
Co-processing	19.74
Incineration	-
Subtotal	280.97

Waste by destination (t)	2020
Hazardous	
Industrial Landfill	475.08
Recycling	39.35
Recovery	392.26
Reuse	897.70
Incineration	6.51
Subtotal	1,810.90
Total	2,091.87

In 2020, our distributors, CPFL Soluções and the administrative buildings generated 2,091.87 tons of waste, as shown in the table at the side.

With the legal restructuring of our generation assets, we are standardizing the method of data collection and management. In 2020 it was not possible to trace all the figures via the audit process.

In the next cycle we will report the CPFL Energia Group's total waste volume.

GRI 307-1 | NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

During the period there were no significant fines or non-monetary sanctions related to non-compliance with environmental laws, regulations or voluntary environmental commitments.

We consider significant penalties to be those equivalent to at least 1% of the maximum amount established by Art. 61 of federal decree nº 6.514/2008, that is, fines of R\$ 500,000 and over.

GRI 308-1 | NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA, GRI 308-2 | NEGATIVE ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN AND ACTIONS TAKEN, GRI 414-1 | NEW SUPPLIERS SELECTED BASED ON SOCIAL CRITERIA AND GRI 414-2 | NEGATIVE SOCIAL IMPACTS IN THE SUPPLY CHAIN AND ACTIONS TAKEN

Supplier selection based on socio-environmental criteria ¹	2018	2019	2020
Number of new suppliers selected based on socio-environmental criteria	92	161	146
Percentage of new suppliers screened for socio-environmental criteria	51%	63%	43%

1. In addition to the suppliers presented in the table, we monitored 82 suppliers in the pilot project for inclusion in the SBM monitoring system related to managing sustainability (see more in xx).

2. The assessment includes environmental and social aspects



GRI 401-1 | NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

Employees hired, by age group	2018		2019		2020	
	Nº	Rate	Nº	Rate	Nº	Rate
< 30 years	1,196	0.09	1,206	0.09	1,037	0.08
From 30 to 50 years	936	0.07	1,053	0.08	1,113	0.08
> 50 years	48	0.00	41	0.00	74	0.01
Total	2,180	0.17	2,300	0.17	2,224	0.16

Employees hired, by gender	2018		2019		2020	
	Nº	Rate	Nº	Rate	Nº	Rate
Men	1,536	0.12	1,769	0.13	1,657	0.12
Women	644	0.05	531	0.04	567	0.04
Total	2,180	0.17	2,300	0.17	2,224	0.16

Employees hired, by region	2018		2019		2020	
	Nº	Rate	Nº	Rate	Nº	Rate
NW	0	0.00	0	0.00	0	0.00
NE	0	0.00	56	0.00	2	0.00
MW	0	0.00	4	0.00	1	0.00
SE	1,853	0.14	1,927	0.14	1,988	0.15
South	327	0.03	313	0.02	233	0.02
Total	2,180	0.17	2,300	0.17	2,224	0.16

Employees who left the company, by age group	2018		2019		2020	
	Nº	Rate	Nº	Rate	Nº	Rate
< 30 years	786	0.06	845	0.06	733	0.05
From 30 to 50 years	1,011	0.08	1,261	0.09	950	0.07
> 50 years	233	0.02	328	0.02	233	0.02
Total	2,030	0.16	2,434	0.18	1,916	0.14

Employees who left the company, by gender	2018		2019		2020	
	Nº	Rate	Nº	Rate	Nº	Rate
Men	1,465	0.11	1,704	0.13	1,390	0.10
Women	565	0.04	730	0.05	526	0.04
Total	2,030	0.16	2,434	0.18	1,916	0.14

Employees who left the company, by region	2018		2019		2020	
	Nº	Rate	Nº	Rate	Nº	Rate
NW	0	0.00	0	0.00	0	0.00
NE	0	0.00	13	0.00	1	0.00
MW	0	0.00	0	0.00	1	0.00
SE	1,506	0.12	1,986	0.15	1,668	0.12
South	524	0.04	435	0.03	246	0.02
Total	2,030	0.16	2,434	0.18	1,916	0.14

Note *The tables consider CPFL and CPFL Renováveis



GRI 403-3 | OCCUPATIONAL HEALTH SERVICES

We have developed preventive measures focused on mitigating or eliminating health problems that cause illness, absence from work, as well as those that cause accidents. In this respect, we have established programs, procedures, protocols and norms, which are constantly reviewed, supporting the cost of all procedures related to occupational health programs and controlling and requiring that workers execute the necessary associated procedures in compliance with the law.

Among these initiatives, we seek to maintain each employee engaged in tasks compatible with their aptitudes and characteristics and to prevent losses caused by physical, chemical, biological and ergonomic risks based on labor medicine, hygiene and safety parameters

We also aim to contribute towards improving people's quality of life, providing support in their needs; increasingly encouraging the development of a preventive mindset and behavior actively oriented to identifying and correcting adverse work situations, as well as habits that could compromise workers' optimal health.

GRI 403-4 | WORKER PARTICIPATION, CONSULTATION AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY

The collective work agreements establish clauses that address worker health and safety. Among these, worthy of note is that which establishes a committee with equal participation of the company and the union, which meets to discuss these topics on a monthly basis.

In this forum, all the worker health and safety measurement indicators are presented and discussed, as are other questions raised by the unions. There is also the possibility of meetings between employees and unions on health and safety questions.

Furthermore, CPFL Energia has its People First System, which all employees may access, providing information on all processes related to health and safety. It is possible to consult documents such as the Environmental Risk Prevention Program, Occupational Health and Medical Control Program, Internal Accident Prevention Commission, Fire Brigade, Service Orders, Safety Dialogue (consultation and insertion), Safety Observations, Ergonomics Analysis, Urgent Communications, Lessons Learned, Safety Alerts, among other materials.

The system enables the management of work incidents/accidents and permits all employees to report incidents, inserting the essential data for handling the ques-

tion and for the development of an action plan by safety professionals and leaders. It also includes safety inspections, where behavioral deviations are indicated and working conditions are evaluated, among other processes.

The company also has its Portal Multi, in which key measures related to health and safety are disseminated.

There follows a list of employee participation and consultation processes:

- **Employee Participation Processes:** Guardian of Life Training with the public; Behavioral Training; Safety Dialogues; 100% Life Project; Mandatory Internal Accident Prevention Commission Courses; Reflection Day; Safety Observation; Operational Safety Committee; Collaborative Program; Internal Accident Prevention Commission meetings, among others.
- **Employee Consultation Processes:** development of Personal Protective Equipment; Partnership and Consulting Project; Operational Safety Committee; online consultation.

Additionally, the Occupational Health and Safety Committee must observe the decisions taken by the CPFL Energia Board of Directors Advisory Committees. Their meetings take place every two months and all employees are represented.

Whereas the Operational Safety Committee is charged with establishing the guidelines

and competencies that ensure activities are conducted in a manner that drives improved safety performance. The committee meets monthly and represents all the employees.

GRI 403-5 | WORKER TRAINING ON OCCUPATIONAL HEALTH AND SAFETY

The Universidade CPFL promotes occupational health and safety training for all employees, including leaders. In 2020, there were 892 hours of training and 418 participations in diverse courses, such as: Health Ambassadors and Work Safety; Leader Check-in: Occupational Health; Nutrition and Health; Occupational Health and Safety Guidelines; and Resumption of Face to Face Service.

There are also mandatory training courses whose contents are focused on safety, such as: NR 33 – Health and Safety in Work in Confined Spaces; NR 35 - Work at Height; NR 10 - Safety in Electrical Installations and Services; NR 18 - Safety in Civil Construction Activities. In 2020, there were 8,416 participations, with 112,086 hours of training.

Also worthy of note is the Guardian of Life training program, which comprehends sensitization to drive the natural and spontaneous commitment of all those involved in field activities with a view to preserving lives, including those of third-parties. It has as its focus the guarantee of physical, mental and emotional integrity for everyone. Another



er course is the Feel Safety, the objective of which is to promote the participants' reflection on safety at work and to define each employee's responsibility.

We also have the Safety Induction, aimed at integrating new employees into the Occupational Health and Safety System. The purpose of the initiative is to prevent accidents and occupational diseases, disseminate the Safety, Health and Environment Policy, provide employees with guidance on the possible risks related to their activities, to ensure compliance with the established rules and the correct use of PPE.

By means of these initiatives we aim to establish a healthy environment with safe conditions in all activities, preventing accidents and diseases and maximizing performance in health and safety and the continuous improvement of our processes.

GRI 403-6 | PROMOTION OF WORKER HEALTH

We provide medical assistance plans for all our employees and their dependents. Our plans are regulated by the supplementary health agency ANS (Agência Nacional de Saúde Suplementar), which permits access to the medical procedures provided for by the agency. All of the plans have a broad choice of accredited networks, with services that range from local, state to national coverage. Access to the medical services is via the platforms made available by the operators.

Furthermore, we offer diverse activities and programs focused on promoting the health and well-being of our employees and their families. Worthy of note in this area is the Fale Comigo (Speak to Me) program, which provides support in the psychology, social assistance, legal and financial areas. Access to the program

GRI 403-7 | PREVENTION AND MITIGATION OF OCCUPATIONAL HEALTH AND SAFETY IMPACTS DIRECTLY LINKED WITH BUSINESS RELATIONSHIPS

By means of a standard, we have established a methodology for identifying, updating and assessing occupational health and safety risks related to company activities.

is remote, by means of a service channel that guarantees confidentiality. The service is available to all employees and family members. If necessary, face to face service is available.

To expand the tools available to deal with the challenges of 2020, we included a Mindfulness program in our portfolio. This is widely recommended for combating anxiety and stress, as well as for preserving emotional intelligence. The encounters occur remotely twice a week and are open to all employees. We also adapted the workplace exercise program to be executed remotely.

The company also offers a Gympass program, that provides employees with access to a broad range of physical activity services, such as gyms and other types of sports on a national level. In 2020, we extended the program to permit the inclusion of family members.

We seek to promote a healthy and safe environment with a structure that enables the company to consistently identify and control its risks, reducing the potential for accidents. This structure comprises planning activities, responsibilities, practices, procedures, processes and resources for developing, implementing, critically analyzing, maintaining and ensuring the success of the occupational health and safety policy.

We also have a running group, with the option of face to face or remote participation, with a guided training program, according to the level of fitness, for everyone who wants to participate. In 2020, the activities were suspended due to the pandemic.

In the nutrition area, we offer a dietary re-education program, Nutrir. On an annual basis we assess employees' health needs in accordance with their location. The program lasts approximately six months, with individual and group meetings.



GRI 403-9 | WORK-RELATED INJURIES

The company has robust projects aimed at eliminating the occurrence of accidents, such as Vida 100% (100% Life). This methodology developed internally involves monthly rounds of conversation during a six-month period, with the participation of all employees. These are aimed at resolving problems, suggesting new solutions and achieving a higher level of safety, eliminating accidents by means of a more proactive mindset on the part of all the employees involved and intensifying the local safety culture.

Another project is Year of Safety. In partnership with State Grid, multiple measures were adopted to eliminate fatalities. The measures are based on three pillars: inspections, education and responsibility.

GRI 403-8 | WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

For contract workers (third-parties) the rules and guidelines of health and safety management system are formalized by means of service contracts. The contracts are controlled by a system of quarterly internal audits, conducted by company safety professionals. The audit verifies compliance with the established occupational health and safety rules.

The company also contracts audits conducted by third-parties to assess the practices adopted by third-party companies,

with a view to guaranteeing the effectiveness of the management system and the control and verification processes.

For employees		2018	2019	2020
Fatalities as a result of work-related injuries	Nº	0	0	4
	Rate	0	0	0.12
Work-related injuries with severe consequences (excluding fatalities) ¹	Nº	1	2	2
	Rate	0.03	0.06	0.06
Work-related recordable injuries	Nº	60	41	46
	Rate	1.9	1.26	1.39
Number of hours worked		31,583,284	32,529,015	33,091,926
The main types of work-related injuries		Reaction to body in movement followed by impact against object	Impact against object, followed by reaction to body in movement and fall to same or different level	Impact against object followed by reaction to body and movement

For all workers who are not employees, but whose work and/or work place are controlled by the organization		2018	2019	2020
Fatalities as a result of work-related injuries	Nº	2	4	2
	Rate	0.13	0.23	0.11
Work-related injuries with severe consequences (excluding fatalities) ²	Nº	14 ¹	12 ¹	2 ¹
	Rate	0.89	0.69	0.11
Recordable work-related injuries ²	Nº	68	82	51
	Rate	4.3	4.72	2.82
Number of hours worked		15,819,167	17,390,833	18,082

Calculation used: rate = number of injuries*1,000,000/number of hours worked. This calculation is in accordance with the standards of the regulatory agencies and is practiced by the other energy distribution companies.

*Data refer to all third-party employees.

¹ Severe injuries are considered to be those resulting in sick leave of over two months or leaving permanent sequels.

²The number of hours worked considers third-party employees with sensitive contracts.



GRI 405-1 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

Members of governance bodies, by gender (%)		Board of Directors
2020	Men	100%
	Women	0%
	Total	100%

Employees, by functional category, by gender		Men	Women	Total
		Nº		
Director level	Nº	59	5	64
	Percentage	92.19%	7.81%	100.00%
Management	Nº	193	33	226
	Percentage	85.40%	14.60%	100.00%
Heads/coordination	Nº	300	80	380
	Percentage	78.95%	21.05%	100.00%
Technical/supervision	Nº	183	36	219
	Percentage	83.56%	16.44%	100.00%
Administrative	Nº	2,254	1,620	3,874
	Percentage	58.18%	41.82%	100.00%
Operational	Nº	8,098	736	8,834
	Percentage	91.67%	8.33%	100.00%
Trainees	Nº	7	3	10
	Percentage	70.00%	30.00%	100.00%
Total	Nº	11,094	2,513	13,607
	Percentage	81.53%	18.47%	100.00%

Members of governance bodies, by age group (%)		Board of Directors
2020	< 30 years	0.00%
	From 30 to 50 years	20.00%
	> 50 years	80.00%
	Total	100.00%

Employees by functional category, by age group		2020			TOTAL
		Under 30 years	Between 30 and 50 years	Over 50 years	
Director level	Nº	1	51	12	64
	Percentage	1.56%	79.69%	18.75%	100.00%
Management	Nº	0	183	43	226
	Percentage	0.00%	80.97%	19.03%	100.00%
Heads/coordination	Nº	15	342	23	380
	Percentage	3.95%	90.00%	6.05%	100.00%
Technical/supervision	Nº	23	169	27	219
	Percentage	10.50%	77.17%	12.33%	100.00%
Administrative	Nº	1,131	2,379	364	3,874
	Percentage	29.19%	61.41%	9.40%	100.00%
Operational	Nº	2,274	5,741	819	8,834
	Percentage	25.74%	64.99%	9.27%	100.00%
Trainees	Nº	9	1	0	10
	Percentage	90.00%	10.00%	0.00%	100.00%
Total	Nº	3,453	8,866	1,288	13,607
	Percentage	25.38%	65.16%	9.47%	100.00%

Representatives of minorities and/or vulnerable groups among the employees, by functional category		2020	
		Blacks	DISABLED*
Director level	Nº	0	0
	Percentage	0%	0%
Management	Nº	0	0
	Percentage	0%	0%
Heads/coordination	Nº	6	3
	Percentage	2%	1%
Technical/supervision	Nº	17	3
	Percentage	8%	1%
Administrative	Nº	171	380
	Percentage	4%	10%
Operational	Nº	675	79
	Percentage	8%	1%
Trainees	Nº	0	0
	Percentage	0%	0%
Total	Nº	869	465
	Percentage	6%	3%

*Persons with disabilities

GRI 406-1 | INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

In 2020, two cases were recorded (discrimination/religious intolerance). Both cases were considered unsubstantiated by the Ethical Business Conduct Committee. No cases of this type were recorded by the CPFL Renováveis reporting channel,

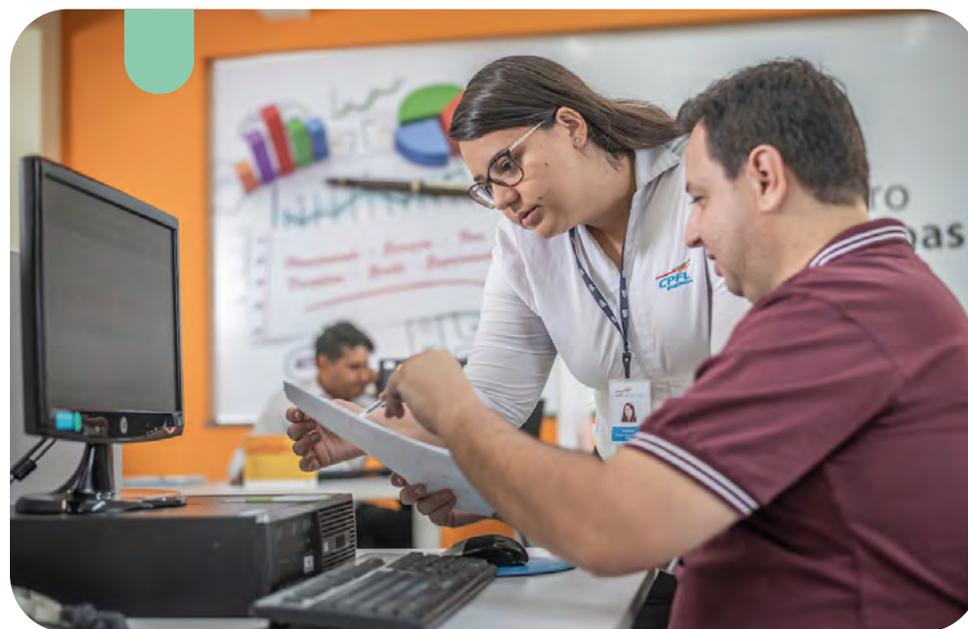
GRI 412-2 | EMPLOYEE TRAINING ON HUMAN RIGHTS POLICIES OR PROCEDURES

In 2020, the Universidade CPFL had a portfolio of 10 different courses with topics related to human rights. There were 4,592 hours of training.

GRI 418-1 | SUBSTANTIATED COMPLAINTS CONCERNING BREACHES OF CLIENT PRIVACY AND LOSSES OF CLIENT DATA

CPFL has communication channels open to address this type of complaint.

In 2020, there were no recorded contacts in the external ethics channel concerning breaches of privacy or loss of data, neither were there contacts with the Ombudsman or the Information Security area.



CPFL Energia employees

**EU1 | INSTALLED CAPACITY (MW), BROKEN DOWN BY PRIMARY ENERGY SOURCE AND BY REGULATORY REGIME**

Installed capacity (MW), by primary energy source and regulatory regime ¹	2018	2019	2020
HPPs (Hydroelectric plants)	1966.0	1966.0	1966.0
SHPPs (Small hydroelectric plants) and HGPs (Hydroelectric generat- ing plants)	257.9	452.8	477.3
Solar	0.6	1.1	1.1
Wind	674.6	1,308.6	1,308.6
Thermal	182.3	182.3	182.3
Biomass	190.8	370.0	370.0
Total	3,297.2	4,279.7	4,305.2

1. Alteration in historical base due to change in accounting of stakes in some assets

EU2 | NET ENERGY OUTPUT BROKEN DOWN BY PRIMARY ENERGY SOURCE AND BY REGULATORY REGIME

Net energy output, by source (GWh)	2018	2019	2020
HPPs (Hydroelectric plants)	6,959.3	6,584.5	4,940.6
SHPPs (Small hydroelectric plants) and HGPs (Hydroelectric generat- ing plants)	789.3	1,404.0	1,259.3
Solar	0.8	1.6	1.5
Wind	2,165.5	4,006.5	4,023.9
Thermal	480.8	224.3	130.0
Biomass	561.9	1,063.7	1,062.4
Total	10,957.5	13,284.6	11,416.20

Note: The historical data were updated.

EU4 | LENGTH OF ABOVE AND UNDERGROUND TRANSMISSION AND DISTRIBUTION LINES BY REGULATORY REGIME

		2020					2019	2018
		CPFL Paulista	CPFL Piratinga	CPFL Santa Cruz	RGE	Total		
Length of transmission lines	Less than 69 kV	502.0	0	760.7	233.2	1,495.90	1,468.70	1,415.70
	From 69 kV	5,855.2	726.7	523.0	4,386.6	11,491.50	11,387.40	11,123.80
Length of distribution network by type (km)	Urban	68,483.9	8,777.4	7,088.4	40,373.4	133,376.80	131,793.00	129,178.60
	Rural	60,575.9	8,777.4	16,046.6	112,702.2	198,102.10	196,342.30	193,654.90
	Underground	650.4	539.5	24.3	91.8	1,306.00	1,234.60	1,145.60

CPFL Renováveis

		2020	2019
Length of transmission lines	Less than 69 kV	16.3	16.3
	From 69 kV	988.46	967.9

GRI EU8 | RESEARCH AND DEVELOPMENT ACTIVITY AND EXPENDITURE AIMED AT PROVIDING RELIABLE ELECTRICITY AND PROMOTING SUSTAINABLE DEVELOPMENT

R&D investment in the distributors (R\$ thousands)			
	2018	2019	2020
Alternative sources of electrical power generation	8,012.98	682.93	29.44
Safety	2,173.11	1,546.57	4,639.96
Energy efficiency	4,978.49	6,203.61	17,382.30
Electrical Energy Systems Planning	3,647.35	2,587.96	14,037.64
Electrical Energy Systems Operation	3,962.19	2,299.95	2,691.67
Supervision, control and protection of electric power systems	968.48	2,885.07	5,008.08
Quality and reliability of electric energy services	703.77	2,865.51	1,838.73
Measurement, billing and combating commercial losses	3,638.86	8,256.29	6,686.97
Others	4,268.67	2,196.15	18,301.54
Management programs*	1,609.00	1,781.49	1,705.96
Total	33,962.90	31,305.53	72,322.29
R&D investments in generation and transmission operations (R\$ thousands)			
Alternative sources of electrical power generation	2,843.33	132.57	15.33
Thermoelectric generation	1,142.48	394.53	2,851.54
Management of basins and reservoirs	1,401.54	3,770.26	4,965.84
Environment	2,792.65	1,364.36	1,300.25
Safety	1,364.00	2,134.86	2,783.46
Energy efficiency	1,647.10	1,988.86	6,571.05
Electrical energy systems planning	677.98	1,410.82	1,242.24
Electrical energy systems operation	1,236.63	477.85	-2.77
Supervision, control and protection of electric energy systems	497.19	507.35	408.67
Others	107.28	0	229.3
Management programs*	476.14	640.54	676.9
Total	14,186.32	12,822.00	21,041.81

*Note - The historical data were updated and reclassified.

GRI EU25 | NUMBER OF INJURIES AND FATALITIES TO THE PUBLIC INVOLVING COMPANY ASSETS, INCLUDING LEGAL JUDGMENTS, SETTLEMENTS AND PENDING LEGAL CASES OF DISEASES

The company maintains its Guardião da Vida (Guardian of Life) program on a permanent basis. This comprises diverse communication measures (talks in schools and associations, spots on the radio, television, social networks and partnerships with commercial establishments such as construction material and paint stores), with a focus on driving awareness of risks involved in activities close to power lines.

However, in 2020 we lament the 32% increase in fatal accidents with members of the public, caused mainly by the increase in pruning, civil construction and painting services, which were intensified in consequence of the pandemic.

Number of accidents involving the public	2018	2019	2020
Accidents	64	49	45
Fatalities	22	19	25
	2018	2019	2020
Cases opened in the period	85	81	74
Cases closed in the period	85	94	73
Financial impact due to cases	2,436,861.74	3,390,990.38	5,482,118.77
Other cases in course during the period	277	380	393

*Note: The balance in 2019 contains reflexes from reclassifications from previous years, which is why there is an increase in the number of cases in course. The historical data were updated.



GRI Content Summary

- > GENERAL DISCLOSURES
- > MATERIAL TOPICS

CPFL Headquarters - Campinas



GRI Summary

GENERAL DISCLOSURES

GRI 101: FOUNDATION 2016

GRI 101 no disclosures

ORGANIZATIONAL PROFILE

GRI Standard	Disclosure	Page/URL	Omission	SDG	Global Compact
	102-1 Name of organization	15 and 56			
	102-2 Activities, brands, products and services	15, 16 and 17			
	102-3 Location of headquarters	Our headquarters are located at Rodovia Engenheiro Miguel Noel Nascentes Burnier, km 2,5, in Campinas (SP).			
	102-4 Location of operations	18			
	102-5 Ownership and legal form	15			
	102-6 Markets served	16			
	102-7 Scale of organization	16 and 17			
GRI 102 General disclosures 2016	102-8 Information about employees and other workers	15, 92 and 112		8	6
	102-9 Supply chain	79		17	
	102-10 Significant changes in the organization and its supply chain	In 2020, with the second stage of the integration of CPFL Renováveis, the company's capital was R\$ 4.03 billion, divided into 593,782,504 ordinary shares, fully underwritten and paid. CPFL Geração's capital was R\$ 935.7 million, divided into 181,789,018,844 shares.			
	102-11 Precautionary principle or approach	47 and 48			
	102-12 External initiatives	113			
	102-13 Membership of associations	113			



GRI Standard	Disclosure	Page/URL	Omission	SDG	Global Compact
Electric Utility Sector Supplement – Organizational profile	EU1 Installed capacity (MW), broken down by primary energy source and by regulatory regime	16, 19, 43 and 128		7	
	EU2 Net energy output broken down by primary energy source and by regulatory regime	19 and 128		7	
	EU3 Number of residential, institutional and commercial customer accounts	16 and 21			
	EU4 Length of above and underground transmission and distribution lines by regulatory regime	20, 128		7	
	EU5 Allocation of CO ₂ emissions allowance by carbon trading framework	58			13
STRATEGY					
GRI 102 General disclosures 2016	102-14 Statement from senior decision-maker	7			
	102-15 Key impacts, risks, and opportunities	32			
ETHICS AND INTEGRITY					
GRI 102 General disclosures 2016	102-16 Values, principles, standards and norms of behavior	15 and 99		16	1 and 10
	102-17 Mechanisms for advice and concerns about ethics	100		16	1 and 10



GOVERNANCE

GRI Standard	Disclosure	Page/URL	Omission	SDG	Global Compact
GRI 102 General disclosures 2016	102-18 Governance structure	29			
	102-20 Executive-level responsibility for economic, environmental and social topics	41			
	102-22 Composition of the highest governance body and its committees	30		5, 16	
	102-23 Chair of the highest governance body	30		16	
	102-24 Nominating and selecting the highest governance body and its committees	30 and 114		5, 16	
	102-25 Conflicts of interest	31		16	
	102-26 Role of highest governance body in setting purpose, values and strategy	41 and 114			
	102-27 Collective knowledge of highest governance body	114			
	102-30 Effectiveness of risk management processes	32			
	102-35 Remuneration policies	115			
102-36 Processes for determining remuneration	115				

STAKEHOLDER ENGAGEMENT

GRI 102 General disclosures 2016	102-40 List of stakeholder groups	108		3	
	102-41 Collective bargaining agreements	99.74% of the employees are covered by collective agreements or conventions with unions.		8	3
	102-42 Identifying and selecting stakeholders	49, 108 and 109			
	102-43 Approach to stakeholder engagement	109 and 110			
	102-44 Key topics and concerns raised	108 and 109			



REPORTING PRACTICE

GRI Standard	Disclosure	Page/URL	Omission	SDG	Global Compact
GRI 102 General disclosures 2016	102-45	Entities included in the consolidated financial statements	108		
	102-46	Defining report content and topic boundaries	108		
	102-47	List of material topics	108		
	102-48	Restatements of information	108		
	102-49	Changes in reporting	108		
	102-50	Reporting period	108		
	102-51	Date of most recent report	2019		
	102-52	Reporting cycle	108		
	102-53	Contact point for questions regarding the report	108		
	102-54	Claims of reporting in accordance with the GRI Standards	108		
	102-55	GRI Content Index	131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142 and 143		
	102-56	External assurance	144 and 145		

MATERIAL TOPICS

ECONOMIC PERFORMANCE

GRI 103 Management approach 2016	103-1	Explanation of material topic and its boundary	102, 103, 104, 105 and 106		
	103-2	Management approach and its components	102, 103, 104, 105 and 106		
	103-3	Evaluation of management approach	102, 103, 104, 105 and 106		
GRI 201 Economic performance 2016	201-1	Direct economic value generated and distributed	106		8, 9
	201-2	Financial implications and other risks and opportunities due to climate change	56, 57 and 58		13, 7, 8, 9



ANTI-CORRUPTION

GRI Standard	Disclosure	Page/URL	Omission	SDG	Global Compact
GRI 102 General disclosures 2016	102-45 Entities included in the consolidated financial statements	99 and 100			
	102-46 Defining report content and topic boundaries	99 and 100			
	102-47 List of material topics	99 and 100			
GRI 205 Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	99		16	10
	205-2 Communication and training about anti-corruption policies and procedures	81, 99 and 100		16	10
	205-3 Confirmed cases of corruption and actions taken	99		16	10

ENERGY

GRI 103 Management approach 2016	103-1 Explanation of material topic and its boundary	85 and 116			
	103-2 Management approach and its components	85 and 116			
	103-3 Evaluation of management approach	85 and 116			
GRI 205 Economic performance 2016	302-1 Energy consumption within the organization	115		7, 12, 13	
	302-5 Reduction in energy requirements of products and services	85 and 116		7, 12, 13	7, 8, 9

WATER

GRI 103 Management approach 2016	103-1 Explanation of material topic and its boundary	117 and 118			
	103-2 Management approach and its components	117 and 118			
	103-3 Evaluation of management approach	117 and 118			
GRI 303 Water and effluents 2018	303-1 Interactions with water as a shared resource	117		6, 12	7, 8, 9
	303-2 Management of water discharge related impacts	117		6, 12	7, 8, 9
	303-5 Water consumption	118		6, 12	7, 8, 9



BIODIVERSITY

GRI Standard	Disclosure	Page/URL	Omission	SDG	Global Compact
GRI 103 Management approach 2016	103-1 Explanation of material topic and its boundary	48			
	103-2 Management approach and its components	48			
	103-3 Evaluation of management approach	48			
GRI 304 Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	118		15	7, 8, 9
	304-2 Significant impacts of activities, products, and services on biodiversity	48 and 119		15	7, 8, 9

EMISSIONS

GRI 103 Management approach 2016	103-1 Explanation of material topic and its boundary	55			
	103-2 Management approach and its components	55			
	103-3 Evaluation of management approach	55			
GRI 305 Emissions 2016	305-1 Direct (Scope 1) GHG emissions	55 and 120		12, 13	7, 8, 9
	305-2 Energy indirect (Scope 2) GHG emissions	55 and 120		12, 13	7, 8, 9
	305-3 Other indirect (Scope 3) GHG emissions	55 and 120		12, 13	7, 8, 9
	305-4 GHG emissions intensity	55 and 120		12, 13	7, 8, 9



EFFLUENTS AND WASTE

GRI Standard	Disclosure	Page/URL	Omission	SDG	Global Compact
GRI 103 Management approach 2016	103-1 Explanation of material topic and its boundary	52			
	103-2 Management approach and its components	52			
	306-1 Water discharge by quality and destination	52 and 120		6, 12, 14	7, 8, 9
GRI 306 Effluents and waste 2016	306-2 Waste by type and disposal method	52 and 121		6, 12	7, 8, 9

ENVIRONMENTAL COMPLIANCE

GRI 103 Management approach 2016	103-1 Explanation of material topic and its boundary	47			
	103-2 Management approach and its components	47			
	103-3 Evaluation of management approach	47			
GRI 307 Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	47 and 121		12, 16	7, 8, 9

SUPPLIER ENVIRONMENTAL ASSESSMENT

GRI 103 Management approach 2016	103-1 Explanation of material topic and its boundary	80			
	103-2 Management approach and its components	80			
	103-3 Evaluation of management approach	80			
GRI 308 Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	40, 80 and 121		8, 17	7, 8, 9
	308-2 Negative environmental impacts in the supply chain and actions taken	80 and 121		8, 17	7, 8, 9



EMPLOYMENT

GRI Standard	Disclosure	Page/URL	Omission	SDG	Global Compact
GRI 103 Management approach 2016	103-1 Explanation of material topic and its boundary	92 and 96			
	103-2 Management approach and its components	92 and 96			
	103-3 Evaluation of management approach	92 and 96			
GRI 401 Employment 2016	401-1 New employee hires and employee turnover	92 and 122		5, 8	1, 2, 3, 4, 5, 6
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	96		3, 4, 5, 8	1, 2, 3, 4, 5, 6
Electric Utility Sector Supplement – Employment	EU14 Programs and processes to ensure the availability of a skilled workforce			4, 8	

OCCUPATIONAL HEALTH AND SAFETY

GRI 103 Management approach 2016	103-1 Explanation of material topic and its boundary	76			
	103-2 Management approach and its components	76			
	103-3 Evaluation of management approach	76			



OCCUPATIONAL HEALTH AND SAFETY

GRI Standard	Disclosure	Page/URL	Omission	SDG	Global Compact
GRI 403 Occupational health and safety 2018	403-1 Occupational health and safety management system	76		3, 8	
	403-2 Hazard identification, risk assessment and incident investigation	76		3, 8	
	403-3 Occupational health services	123		3, 8	
	403-4 Worker participation, consultation, and communication on occupational health and safety	123		3, 8	
	403-5 Worker training on occupational health and safety	77 and 123		3, 4, 8	
	403-6 Promotion of worker health	124		3	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked with business relationships	124		3, 8	
	403-8 Workers covered by an occupational health and safety management system	125		3, 8	
	403-9 Work-related injuries	76 and 125		3, 8	
TRAINING AND EDUCATION					
GRI 103 Management approach 2016	103-1 Explanation of material topic and its boundary	92 and 95			
	103-2 Management approach and its components	92 and 95			
	103-3 Evaluation of management approach	92 and 95			
GRI 404 Training and education 2016	404-1 Average hours of training per year per employee	92 and 95		4, 5, 8	



DIVERSITY AND EQUALITY OF OPPORTUNITIES

GRI Standard	Disclosure	Page/URL	Omission	SDG	Global Compact
GRI 103 Management approach 2016	103-1 Explanation of material topic and its boundary	97			
	103-2 Management approach and its components	97			
	103-3 Evaluation of management approach	97			
GRI 405 Diversity and equality of opportunities 2016	405-1 Diversity of governance bodies and employees	30, 97 and 126		5, 8	6

NON-DISCRIMINATION

GRI 103 Management approach 2016	103-1 Explanation of material topic and its boundary	97			
	103-2 Management approach and its components	97			
	103-3 Evaluation of management approach	97			
GRI 406 Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	97 and 127		5, 8	6

ASSESSMENT OF HUMAN RIGHTS

GRI 103 Management approach 2016	103-1 Explanation of material topic and its boundary	92 and 95			
	103-2 Management approach and its components	92 and 95			
	103-3 Evaluation of management approach	92 and 95			
	412-2 Employee training on human rights policies or procedures	127		16	1, 2



LOCAL COMMUNITIES

GRI Standard	Disclosure	Page/URL	Omission	SDG	Global Compact
GRI 103 Management approach 2016	103-1 Explanation of material topic and its boundary	82 and 96			
	103-2 Management approach and its components	82 and 96			
	103-3 Evaluation of management approach	82 and 96			
GRI 413 Local communities 2016	413-1 Operations with local community engagement, impact assessment and local development programs implemented	82 and 96		1, 2, 10	1
	413-2 Operations with significant actual and potential negative impacts on local communities	49 and 50		1, 2, 10	1

SUPPLIER SOCIAL ASSESSMENT

GRI 103 Management approach 2016	103-1 Explanation of material topic and its boundary	80			
	103-2 Management approach and its components	80			
	103-3 Evaluation of management approach	80			
GRI 414 Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	40, 80 and 121		5, 8, 16	1, 2, 4, 5, 6
	414-2 Negative environmental impacts in the supply chain and actions taken	80 and 121		5, 8, 16	1, 2, 4, 5, 6

CUSTOMER PRIVACY

GRI 103 Management approach 2016	103-1 Explanation of material topic and its boundary	33			
	103-2 Management approach and its components	33			
	103-3 Evaluation of management approach	33			
GRI 418 Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	33 and 127		16	



SOCIO-ECONOMIC COMPLIANCE

GRI Standard	Disclosure	Page/URL	Omission	SDG	Global Compact
GRI 103 Management approach 2016	103-1 Explanation of material topic and its boundary	OK			
	103-2 Management approach and its components	OK			
	103-3 Evaluation of management approach	OK			
GRI 419 Customer privacy 2016	419-1 Non-compliance with laws and regulations in the social and economic area	OK		16	

AVAILABILITY AND RELIABILITY

Electric Utility Sector Supplement – Availability and reliability	EU6 Management approach to ensure short and long-term electricity availability and reliability	44, 66, 61 and 65		7, 9, 11	
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RESEARCH AND DEVELOPMENT

Electric Utility Sector Supplement – Research and development	EU8 Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	73 and 129		7, 9, 11, 12, 13	7, 8, 9
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SYSTEM EFFICIENCY

	EU12 Transmission and distribution losses as a percentage of total energy	70		7, 13	
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DISASTER/EMERGENCY PLANNING AND RESPONSE

GRI Standard	Disclosure	Page/URL	Omission	SDG	Global Compact
Electric Utility Sector Supplement – Disaster/emergency planning and response	EU21 Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans	45 and 46		3, 8	
	EU25 Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases	129		3, 8	

ACCESS

	EU28 Power outage frequency	65		7, 9	
	EU29 Average power outage duration	65		7, 9	

PROVISION OF INFORMATION

Electric Utility Sector Supplement – Provision of information	EU24 Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services	78		7	
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STATEMENT OF ASSURANCE OF CPFL ENERGIA ANNUAL REPORT 2020

RINA BRASIL SERVIÇOS TÉCNICOS LTDA, based on the evaluations carried out by its technical team, declares that the Annual Report of CPFL Energia, for the year 2020,

CPFL - Annual Report 2020

prepared by the organization

CPFL Energia

It complies with the requirements of the GRI Guidelines for the "essential" approach chosen by the Organization.

Prepared by the organization

CPFL Energia

The verification of the Annual Report 2020 was carried out in the way described in the RINA document "Regulation for verification of sustainability reports", available on the RINA website, www.rina.org.

Date of declaration: 18/03/2021



 Metal Associação
Representação Legal
RINA Brasil
Natal Ferreira

DIRECTOR RINA BRASIL

Objective of the Assurance audit

RINA BRASIL SERVIÇOS TÉCNICOS LTDA was hired by the organization "CPFL ENERGIA", based in Rod. Engenheiro Miguel Noel Nascentes Burnier, 1755 - Km 2.5 - Parque São Quirino - ZIP Code: 13088-140 - Campinas/SP, to carry out the independent assessment of the Sustainability Report "Annual Report 2020", for the year 2020, to comply with the reporting principles contained in the GRI guidelines for the **"Essential" approach (Core Option)**.

Methodology

RINA carried out the assurance through:

- a documentary examination of the documentation prepared by the Organization;
- interviews with representatives of the Organization and key stakeholders to gather evidence to support the 2020 Annual Report and examine the flow of information that generated the reported data;
- the preparation of an assurance report and the issuing of a declaration on the verification of the origin and verifiability of the data, source and processes through which the Organization's Annual Report 2020 for the year 2020;
- CPFL Energia financial and accounting information was not verified as part of the assurance process.

Declaration of independence, impartiality and competence

RINA BRASIL SERVIÇOS TÉCNICOS LTDA is the RINA GROUP company that provides classification, certification, testing and inspection services to ensure excellence to organizations in the naval, environment and energy sectors, infrastructure, transportation and logistics, quality and safety, and agro-industrial sectors. As an independent body, RINA BRASIL SERVIÇOS TÉCNICOS offers its services in full compliance with the principles of professional ethics, independence, impartiality, and competence.

Based on the work performed, the evidence collected and the evaluations carried out by its RINA Team in the period from March 8 to 10, 2021, we can affirm that the Sustainability Report "Annual Reporting 2020" complies with the reporting principles contained in the GRI guidelines of the Global Reporting Initiative's Core option.

Independent Statement of Assurance

Thus, based on the work performed, the evidence collected and the assessments carried out by its technicians by the RIN Team and in accordance with GRI guidelines for the **"Core Option" and "Regulation"** for verification of sustainability reports" of RINA, we can state that the Sustainability Report "Annual Report 2020" complies with the reporting principles contained in the GRI guidelines of the Global Reporting Initiative "Core" option, including those of the Sector Supplementary for *Utilities*.



CREDITS AND CORPORATE INFORMATION

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OVERALL SUPERVISION

Legal and Institutional Relations Vice-Presidency
Environmental and Sustainability Department
Communication and Institutional Relations Area

INFORMATION

Employees of CPFL Energia Group
(subsidiaries and affiliates)

CONTENT, CONSULTING, DESIGN AND INFOGRAPHS

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