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1. OBJECTIVE

This Policy aims to regulate corporate risk management in the Group CPFL, establishing a control and governance environment over risk limits, through the identification, assessment, measurement, treatment, and appropriate communication of risks that may affect business strategy.

2. SCOPE OF APPLICATION

2.1. Company


Applicable to CPFL Energia S.A. ("CPFL Energia" or "Company") and its subsidiaries (except Alesta Sociedade de Crédito Direto S.A) and affiliates, which follow the same management and governance model. For other companies with differing management and governance models, the legal representatives of these companies will exercise their voting rights in accordance with the provisions outlined in this document, to the extent applicable, and always within the limits of the Company's shareholding.

2.2. Area

Applicable to the following areas:

- Chief Executive Officer - P
- President CPFL Brasil - BR
- Corporate Finance Department - FF
- Energy Planning and Energy Management Department - RP
- Information Technology Department - EI
- Procurement Department - ES
- Sustainability Department - IS
- Legal Department - IJ
- Engineering Department - RE
- Corporate Communication Department - IC
- Regulatory Affairs Department – RR
- Strategic HR Department - PG
- Planning and Controllershship Department - FP
- Operations Department - RO
- Generation Commercialization and Regulation Department - GC
- Generation Operations Department – GO
- Energy Regulation and Trade Department - HC

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3. DEFINITIONS

Action plan: it is the definition of actions, with responsible parties and deadlines, to reduce the exposure of the risks monitored on the Corporate Risk Map, when any indicator is classified as moderate or high

Administration: governing bodies responsible for corporate administration, namely, the Board of Directors and the Executive Management.

Affiliated: companies in which CPFL Energia holds a direct or indirect ownership interest of 50% or less

Budget risk: risk of economic impacts arising from assumptions with a reasonable probability of occurrence and not contemplated in the budget forecast

Business continuity risk: inability to maintain and/or recover relevant processes following an incident/interruption

Civil risk: losses regarding events that cause any type of damages to third parties

Committee of Sponsoring Organizations of the Treadway Commission (COSO): non-profit organization, which provides a structured guide for risk management, internal controls, and fraud detection

Corruption risk: exposure to corruption risk that can impact the company's reputation, credibility with stakeholders and business continuity


Counterparty (suppliers) risk: losses related to the quality of products or services and/or lack of financial health of the counterparty, leading CPFL Energia to assume legal contingencies

CPFL Group: group of companies composed by CPFL Energia (holding) and its Subsidiaries and Affiliated companies

Credit (commercialization) risk: financial losses due to failures of counterparty in complying with contractual obligation or agreed payments

Energy trading: exposures resulting from the adoption of energy positions ("short" or "long") and energy price variation

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Energy under/over contracting risk: losses from variations between electricity need (demand) and the volume of electricity purchases

Environmental risk: penalties or losses due to failures to comply with applicable environmental laws and/or environmental licensing conditions or failures to obtain environmental licenses

Event: occurrence, incident, or change in a specific set of circumstances that may affect the achievement of the business's strategic objectives

Generation projects risk: exposure to penalties, economic and financial losses, non-recognition of revenue or need to purchase energy in the spot market due to delays or costs higher than anticipated in the pre-operational phase of generation projects

Generation risk: necessity to buy energy at spot price due to GSF (Generation Scaling Factor) for the energy sold to the free market

Health & safety risk: non-observance of safety and health procedures and other failures that may cause accidents and other losses to Company and/or Employees' welfare

Information technology risk: damage and/or losses resulted from unavailability, under performance, lack of integrity or security issues of the key systems or infrastructure that supports Company business

ISO 31.000: international standard providing guidelines for institution's risk management

Labor risk: legal losses due to non-compliance with labor laws and agreements

Leverage risk: increase of fundraising cost or contractual penalties due to high leverage levels


Liquidity & solvency risk: failure to comply with financial obligations per a specific period of time or, in case of insolvency, permanently

Operational performance risk: possibility of losses arising from operational disruptions

Pensions funds: unexpected disbursements to support obligations of the pension plans of which CPFL Energia is one of the sponsors and other contingencies

People risk: lack or loss of key people leading to inability to run business or achieve strategic objectives

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Regulatory asset base risk: losses resulting from delays in the completion of Distribution projects within regulatory cycle or not recognized investments

Regulatory risk: penalties as a result of failure to comply with concession agreements or business regulation, or losses from regulatory changes

Reputation risk: damages to the Company reputation due to inadequate brand expositions and/or events that may cause company's image degradation

Risk: all uncertainty regarding events or situations that may impact business outcomes, in accordance with the company's risk appetite

Risk indicators: quantitative and/or qualitative metrics used to monitor and assess the probability or impact of the risks to which the company is exposed

Risk limit: it is the level of risk that the organization is willing to accept in pursuit of its strategic objectives

Risk owner: the risk owner must hold a position as a corporate or statutory director within CPFL Energia.

Subsidiary: companies controlled by CPFL Energia, directly or indirectly

Tax risk: penalties and other losses due to non-compliance or changes in tax regulations

Transmission projects risk: exposure to economic and financial penalties and/ or losses due to delays or higher costs than anticipated in the pre-operational phase of transmission projects

4. APPLICABLE DOCUMENTS

Main internal documents related to this Policy:

- Bylaws of CPFL Energia S.A.
- Corporate Governance Guidelines of CPFL Energia S. A.
- Advisory Committees and Commissions Internal Regulations of CPFL Energia S. A.

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5. GUIDELINES

5.1. General provisions

CPFL Group is committed to adopting good governance practices, compliance, and others ESG (environmental, social, and governance) guidelines, with this commitment shared with all employees in the execution of their activities.

The Company has a communication channel for this topic via email: gestaocorporativaderiscos@cpfl.com.br.

5.2. Principles of corporate risk management

CPFL Group understands the principles of corporate risk management as:

- Ensure the conduct of business within defined risk limits
- Provide advisory support to business areas
- Support decision-making processes

5.3. Risk management methodology and structure

The Company's risk management aims to identify, assess, monitor, and mitigate risks that may affect its objectives. To achieve this, CPFL Energia adopts three main frameworks as reference: COSO, ISO 31000, and PDCA.

- COSO, through ERM (Enterprise Risk Management), integrates risk management with corporate governance, establishing a risk culture aligned with strategic objectives, and assessing risks qualitatively and quantitatively
- ISO 31000 provides guidelines and principles for risk management, including the role of senior management, alignment with organizational objectives, and the structuring of a process to identify, analyze, evaluate, treat, monitor, and communicate risks
- The PDCA cycle (Plan-Do-Check-Act) is used for continuous improvement in risk management. It involves setting objectives, identifying and analyzing risks, planning and implementing mitigating actions, and continuously evaluating and correcting these actions


The integration of these frameworks provides a consistent and coordinated approach, ensuring risk management aligned with the business's strategic objectives.

5.4. Risk monitoring

The CPFL Group's Corporate Risk Map consolidates 24 risk models, organized into categories:

- Financial
- Operational
- Legal
- Energy Market
- Regulatory

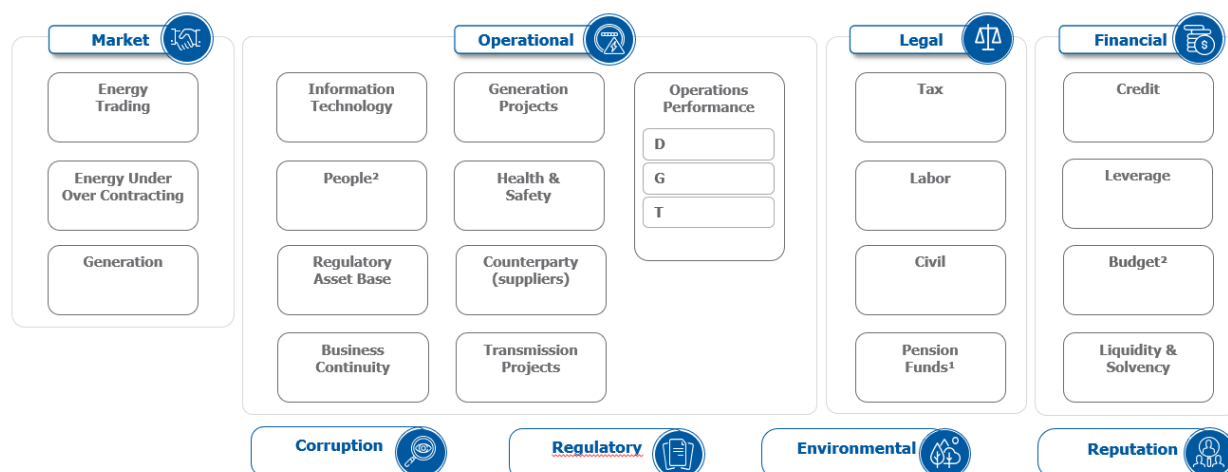
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- Environmental
- Reputation
- Corruption

To ensure an effective risk management approach, the indicators, trends, and action plans of each risk model are continuously analyzed and updated in conjunction with the business areas. Periodically, risk models can be reviewed to address improvements. The improvements opportunities can be identified through meetings with the risk owners, evaluation of the Company's strategic planning, monitoring of news, market reports and independent studies.

Corporate Risk Map:



Each of the 24 risk models has its own update frequency, which can be: monthly, quarterly, semiannually or annually.

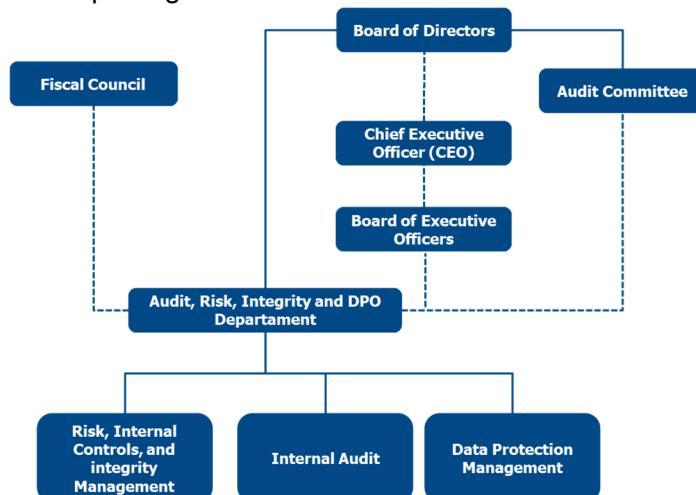
5.4.1. Risk Limits

Every model contained in the map has risk limits established through qualitative and quantitative metrics approved by the Board of Directors, considering the Company's risk appetite.

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5.4.2. Risk Reporting

The Company's corporate risk management structure ensures transparency and independence in the process with direct reporting to the Board of Directors:




The Risk, Internal Controls, Ethics and Integrity Management is responsible for conducting the process of updating and disclosing the Corporate Risk Map, reporting to the Audit, Risk, Integrity and DPO Department.

5.4.3. Risk Limits Extrapolation

In case of risk limit extrapolation, the following steps should be addressed:

1. Completion of the Risk Limit Extrapolation Form
2. Presentation to Executive Board, Audit Committee and Board of Directors, of the risk model containing justification for the extrapolation and action plans
 - 2.2 If the extrapolation of the limit reverts to a low or moderate classification by the date of the subsequent Board of Directors Meeting, the presentation in this forum may be replaced by an official instrument from the Corporate Governance Department, subject to prior alignment between the Audit, Risk, Integrity and DPO Directorate, the risk owner, and the Corporate Governance Directorate
3. Monitoring of action plans. If the completion deadline mentioned in the Risk Limit Extrapolation Form is not met, it should be reviewed and reported with a justification at the Board of Directors Meeting within the next two months

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Example of Risk Limit Extrapolation Form

RISK Nomenclature of risk as annex I	DATE OF EXTRAPOLATION Date of measurement of the risk and/or exceeding the limit.	CURRENT LIMIT Limit value at time of overage.	EXPOSURE Exposure value/Indicator when overacting.
JUSTIFICATIONS Description of the reasons that indicate the overage of the risk limit.			
MITIGATION ACTIONS Description of applicable mitigation actions, including mitigation potential, associated costs, responsible, and implementation timeframe. It also considers any requests for tolerance to exceed the limit, for a determined period or proposed new risk limits for deliberation.			
ESTIMATION OF REFRAMING Deadline/date expectation for re-framing of exposure to the current limit.		RESPONSIBLE Director responsible for risk (as annex II).	

6. RESPONSIBILITIES

This Policy defines the roles and responsibilities of the main agents involved in the Corporate Risk Management process:

6.1. Board of Directors:

- Guide the conduction of business, observing, among others, the monitoring of business risks carried out through the corporate risk management model adopted by Company
- Ensure that the Board of Executive Officers has mechanisms and internal controls to know and to evaluate the risks
- Be aware of the changes in the Corporate Risk Map forwarded by the Executive Board
- Deliberate on changes in risk limits forwarded by the Executive Board
- Deliberate on the inclusion or exclusion of Risk(s) in the Corporate Risk Map
- Be aware of exposures and action plans in case of eventual risk limit extrapolation forwarded by the Executive Board

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6.2. Audit Committee:

- Appraising and monitoring the Company's risk exposures
- Assisting the Board of Directors in monitoring and controlling the quality of the financial statements, internal controls and risk management

6.3. Chief Executive Officer:

- Conduct with the Board of Directors the business of Company and its Subsidiaries and Affiliated within defined risk limits and take necessary measures to prevent risk exposure from exceeding such limits

6.4. Board of Executive Officers:

- Recommend changes to risk limit methodologies to the Board of Directors
- Evaluate the effectiveness of this Policy and risk management systems and report to the Board of Directors on this assessment
- Be aware of exposures and action plans in case of eventual risk limit extrapolations

6.5. Audit, Risk, Integrity and DPO Department:

- Coordinate the corporate risk assessment process, developing and keeping updated Corporate Risk Management methodologies
- Develop and define, together with business managers, indicators for risk monitoring, exposure classification criteria, and limit proposals. Additionally, evaluate the need for revisions upon request
- Monitor risk exposures according to their respective update frequencies and track the implementation of action plans by business managers
- Report semi-annually at Executive Board meetings, Audit Committee meetings, and Board of Directors meetings the exposures of the Corporate Risk Map
- In case of risk limit extrapolation:
 - a. Validate the completion of the Risk Limit Extrapolation Form, carried out by the risk owner, and assess the adequacy of the information
 - b. Monitor the presentation of the risk model and the justification to the Executive Board, Audit Committee, and Board of Directors
 - c. Track the status of action plans flagged for realignment of exposures to approved limits until their completion

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6.6. Risk Owners and Team:

- Develop and maintain an appropriate operating controls environment for the effectiveness and business continuity of their respective management units
- Manage the risks under their responsibility, respecting the defined limits, and implementing action plans for exposures whenever necessary
- Develop and define, together with the Audit, Risk, Integrity and DPO Directorate, indicators for risk monitoring, exposure classification criteria, and risk limit proposals. Additionally, assess the need for revisions and implement the improvements upon request
- Provide accurate and sufficient information for the proper monitoring of risks by the Audit, Risk, Integrity and DPO Directorate
- In case of risk limit extrapolation:
 - a. Fill out the Risk Limit Extrapolation Form and submit it for validation by the Audit, Risk, Integrity and DPO Directorate
 - b. Present the risk model, the extrapolation justification and the action plan to the Executive Board, Audit Committee, and Board of Directors. If the proposed action plan is not sufficient, the risk owner should propose alternative actions
 - c. Review and report the justification of the action plan to the Board of Directors within the next two months if the completion deadline mentioned in the Risk Limit Extrapolation Form is not met


7. RECORDS CONTROL

Identification	Storage and Preservation	Protection (access)	Recovery and use	Retention	Disposition
Corporate Risk Map	Z:\Riscos\GRC\ Mapa Corporativo de Riscos	Access restriction	By date (year and month of reference)	Permanent	N/A
Risk Limits Extrapolation Form	Z:\Riscos\GRC\ Mapa Corporativo de Riscos\Fichas de extrapolação	Access restriction	By date (year and month of reference)	Permanent	N/A

8. ANNEXES

N/A

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9. REGISTRATION OF CHANGES

9.1. Employees

Company	Area	Name
CPFL Paulista	PA – Audit, Integrity, Risks and DPO Directorate	Jorge Alberto Bounassar Lencastre
CPFL Piratininga	PAG – Risk Management, Internal Controls, Ethics and Integrity	Camila Camillo Kilian
CPFL Paulista	PAG – Risk Management, Internal Controls, Ethics and Integrity	Giulia Mazzali
RGE	PAG – Risk Management, Internal Controls, Ethics and Integrity	Caio de Sillos Serafim
CPFL Paulista	PAG – Risk Management, Internal Controls, Ethics and Integrity	Luis Antonio Gomes de Souza Junior

9.2. Amendments

Previous version	Date of previous version	Changes to previous version
1.0	08/31/2009	Review of the risk management structure, considering discussion and approval bodies, restructuring of the executive risk management committee and reporting lines; Review of the "Roles and Responsibilities" of the agents involved; Inclusion of risk indicators and methodologies for risk limits or limits approved by the Board of Directors of CPFL Energia; Inclusion of the form for documentation of risk limit overruns and mitigation plans; Inclusion of the Qualitative Risk Appetite Statement.
1.7	06/04/2021	Update of the Corporate Risk Policy based on the Brazilian Code of Corporate Governance.
1.8	01/06/2022	Update of the Corporate Risk Policy with the update of employees's session and inclusion of Audit Committee.
1.9	04/11/2022	Updating the document structure to make it more concise and understandable to external audiences; Removing annexes and addressing them throughout the document; Updating sections: DEFINITIONS (3), GUIDELINES (5), and RESPONSIBILITIES (6); Inclusion of corruption risk.

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