

2020 Annual Report

Summarized version



Presentation

Transparency is one of the principles that guides the way we conduct our activities. Accordingly, we are proud to present the CPFL Energia Annual Report for 2020.

In it we show the performance of all our businesses and the ways in which we manage the most relevant aspects from the perspective of our stakeholder groups, whose perceptions were collected during the review of our materiality matrix. We also present our advances in ESG topics and the commitments we have assumed in our Sustainability Plan.

Our businesses

With over 100 years of proactive participation in the electric utility sector, CPFL Energia S.A. operates 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.



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.



We invest in niche **Transmission** businesses and currently have the CPFL Transmissão Piracicaba and CPFL Transmissão Morro Agudo assets in operation, and another three projects under construction.



Through **CPFL Soluções**, we operate on a nationwide scale, offering services ranging from energy management and commercialization, energy efficiency, distributed generation, energy infrastructure to consulting.



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

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.

2020 highlights



GENERATION

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



TRANSMISSION

ADVANCES IN THE 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 Power Outage Duration
- **8% REDUCTION** in Power Outage Frequency



SOLUTIONS

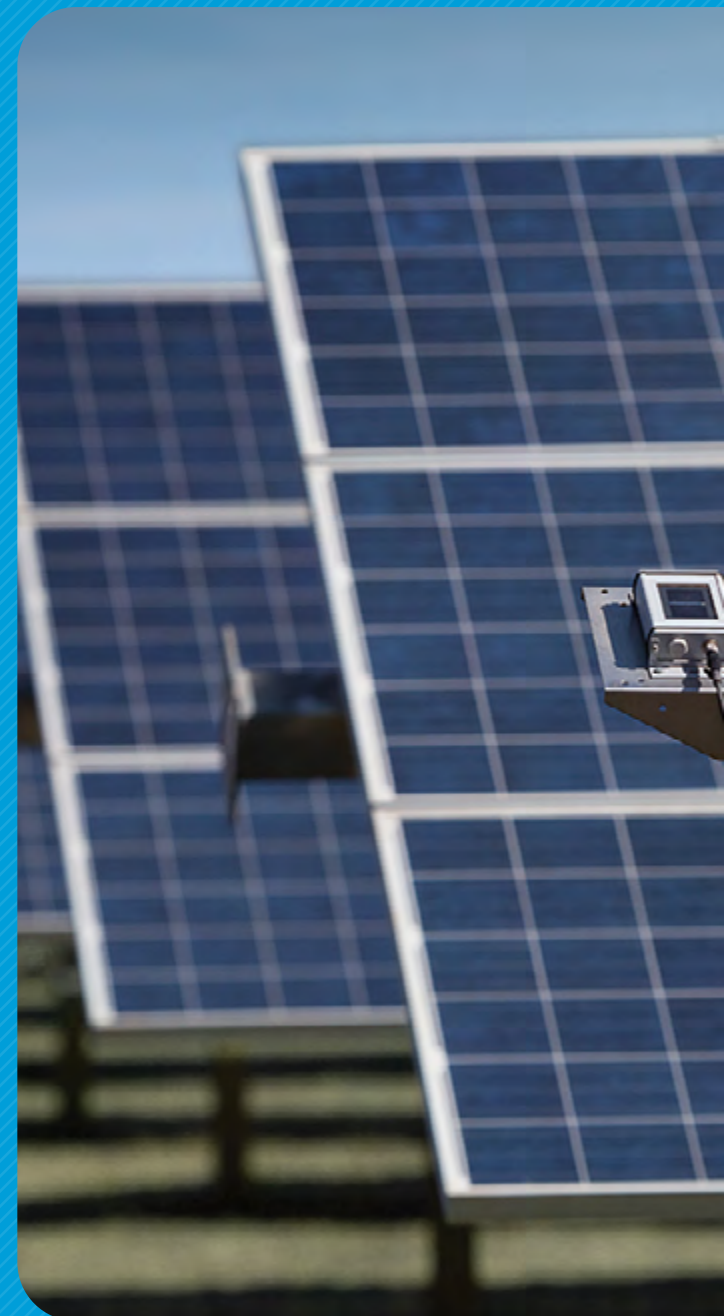
- **MORE THAN 2,550 CLIENTS**
21.4% up on 2019
- **R\$ 127 MILLION** in EBITDA



FINANCIAL HIGHLIGHTS

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

Tanquinho Solar Power Plant in Campinas (SP)



Our measures to combat Covid-19

Faced with the Covid-19 pandemic, 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, and to continue to generate value and support for society. Here are some of the measures adopted:

EMPLOYEES

- Anticipation of the influenza vaccination campaign;
- Remote working for 100% of employees (4,000 people) in administrative functions, in the asset monitoring center and the call center;
- Guarantee of all health and safety equipment — masks, hand sanitizer and thermometers — for the more than 9,000 field workers.

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

CLIENTS

- 90 services made available via digital channels and the implementation of service totems in the agencies;
- Adoption of means of payment such as PicPay and corona-voucher, possibility of paying bills in installments and using credit cards;
- Implantation of “delivery” payment, with teams taking payment terminals to clients’ homes;
- Mass registration of clients for the Social Energy Tariff, program created by the federal government to offer energy bill discounts.

SOCIETY

- 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 to the Campinas city government (SP);
- Donation of over R\$ 5 million, by the Instituto CPFL, to 20 hospitals in the CPFL in the Hospitals program, in addition to 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.



CPFL Energia employees



Donation ceremony - CPFL and State Grid

Corporate governance

We follow the best corporate governance practices, based on the principles of transparency, fairness, accountability and corporate responsibility. Since 2004, our shares have been listed on the B3 Novo Mercado. All company shares are ordinary, that is, with voting rights and shareholders are ensured 100% Tag Along rights in the event of a change in control.

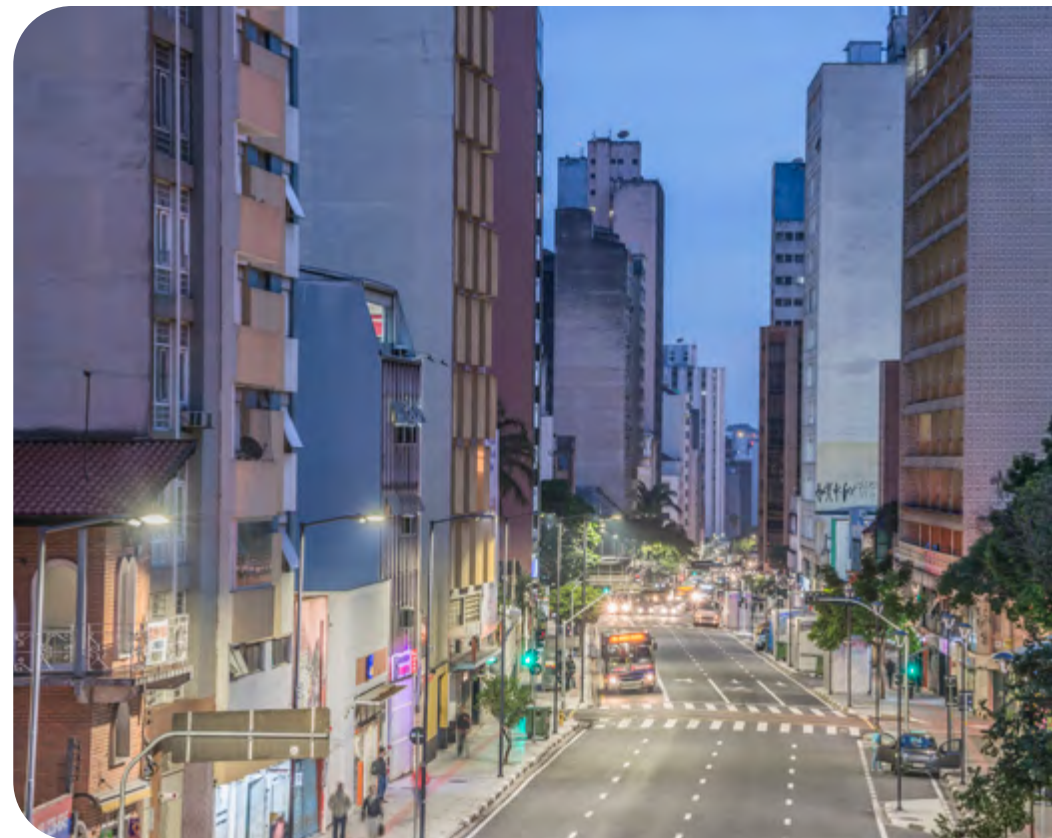
Em 2020, we celebrated the first anniversary of our Follow-On offering (Re-IPO), as well as our return to important local and global capital market indexes:

- B3 Corporate Sustainability Index (ISE) and Carbon Efficient Index (ICO2), from January 2021;
- IBRX-100 (Brazil 100 Index);
- Ibovespa (Bovespa Index);
- MSCI (Morgan Stanley Capital International);
- FTSE (London Stock Exchange Index);
- Santander portfolio of ESG recommendations, at the beginning of 2021.

Driving sustainable development

Our activities and investment priorities aligned with company values and global trends towards sustainable development are oriented by our Sustainability Plan, in turn strongly driven by the vision of our majority shareholder, State Grid.

Public Lighting



2020-2024 Sustainability Plan

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

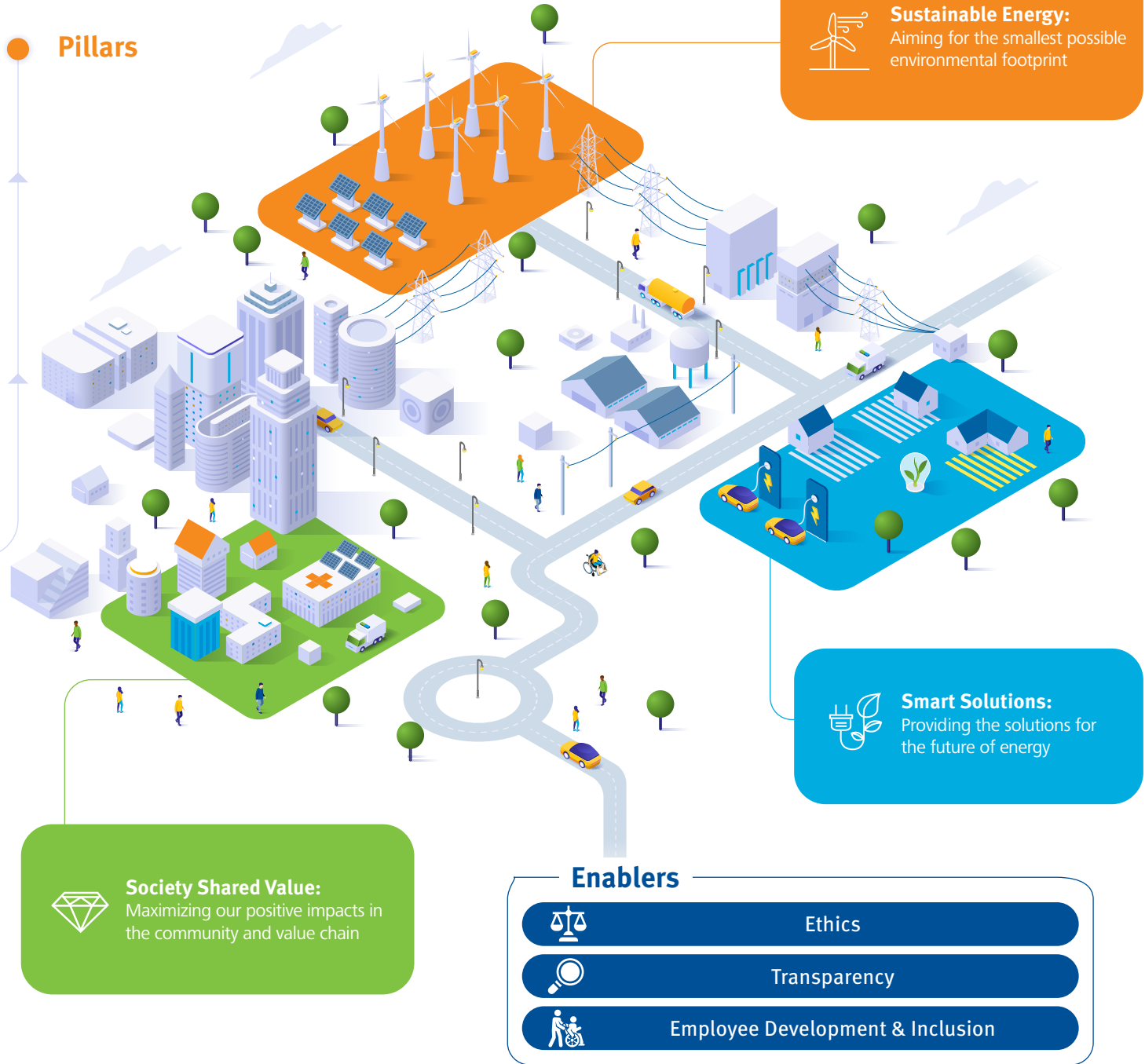
Trends in the power sector

- 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

Smart Solutions:
Providing the solutions for the future of energy

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

Enablers

- Ethics
- Transparency
- Employee Development & Inclusion



Sustainable energies

One of our commitments is to contribute to a cleaner energy matrix in Brazil, as well as reinforcing initiatives to combat climate change. Furthermore, the safety of our assets is a priority and we act to mitigate environmental impacts and promote a circular economy by refurbishing equipment and employing reverse logistics in our operations.

2020 highlights

Renewable energy

As part of our renewable energy growth strategy, in 2020 we commemorated the consolidation of the CPFL Renováveis integration plan.

- **4,305 MW** of installed capacity (95% of our portfolio)
- **110 MW** under construction: SHPP Cherobim and the Gameleira Wind Complex

Climate Change

Backed by the strong commitment of State Grid and as the leaders in renewable energy generation in Brazil, we are committed to the transition to a low carbon economy. Accordingly, we have concentrated our initiatives on four major fronts: managing emissions, managing risks and opportunities, driving innovation and engagement and dissemination.

- **27.6% reduction** in CO₂ emissions (Scope 1)
- **19.1% reduction** in CO₂ emissions (Scope 2)

Circular economy and reverse logistics

We seek to promote the reduction, reuse, recovery and recycling of materials to ensure that the elements of our value chain are reutilized. Among the initiatives worthy of note is our Equipment Refurbishing unit in São Paulo and, in 2020, the beginning of expansion to the Southern region, with the inauguration of a Reverse Logistics unit in the city of Santa Maria (RS).

- **9,807 transformers** reconditioned
- **6,351 tons** of aluminum, copper and iron channeled to reverse logistics



Smart Solutions

To guarantee the quality of our services, the best experience for our clients and the capture of opportunities from the evolutions of the electricity sector, we constantly seek innovative solutions and new technologies. Our commitments range from the implantation of telemeasurement and investment in distribution network automation to the offer of low carbon solutions and the provision of digital service channels.

2020 highlights

Smart Grid

Smart, automated and interconnected grids represent a new era for the electric utility sector because they incorporate a broad range of technologies that have the potential to contribute to the capture of opportunities linked with the transformations in the energy market.

- **100% of group A¹ telemetered**, with more than **35,000 meters installed**
- **22,094 smart meters** installed in group B² (Jaguariúna-SP)

Digitalization

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.

- **86.5% of attendance** by digital channels
- **90 services** available via digital channels
- **54% increase** in digital bills, reaching 3.47 million clients

Low carbon solutions

In addition to prioritizing clean sources, we offer our clients solutions 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.

- **13 projects** registered with the potential to generate more than 1.5 million carbon credits per year
- **3 projects** registered for the commercialization of renewable energy certificates, with the potential to generate 420,000 RECs/year

¹Group A – high voltage ²Group B – low voltage



Shared Value

In the Shared Value pillar our priorities are: to guarantee the safety of all our stakeholder groups, maximizing positive impact for society and the value chain by means of investments in energy efficiency initiatives in public hospitals and for the population with social transformation projects and sustainability throughout our supply chain.

2020 highlights

CPFL in the Hospitals

The CPFL in the Hospitals Program is focused on driving service improvement in public healthcare institutions, an essential service for society.

By means of the Energy Efficiency Program

- **R\$ 72.2 million** has already been invested in hospitals, with **84 projects** concluded up to 2020
- **R\$ 6.4 million/year** in estimated savings from the reduction in energy consumption in the hospitals where the projects have been implanted

By means of the Instituto CPFL

- **49 hospitals** with infrastructure improvement measures and hospital humanization activities
- **4 homes** for the elderly
- Activities in **24 cities** in five states, benefiting around 340,000 people

Through CPFL Total

- Our clients donated **R\$ 4.2 million** to 105 healthcare institutions through their energy bills

Energy Efficiency Program focused on low-income communities

We have developed measures aimed at driving reduction in electricity consumption through the substitution of equipment with more efficient models.

- **R\$ 50.8 million** invested
- **More than 103,000** families benefited
- **3,400** regularizations
- **More than 286,000** light bulbs changed

2020 highlights

Social transformation

The Instituto CPFL is our private social investment platform, responsible for integrating the group's social programs into a single network.

- **R\$ 25.1 million** invested in social transformation projects
- Launch of CPFL Young Generation benefiting **7,000 people** in **23 cities**
- **1,821 volunteers** in the Semear program, benefiting more than **2,990 children and adolescents**

Supply chain

More than just monitoring, we seek ways to develop our suppliers. In 2020, we undertook a pilot project to include sustainability criteria in the monitoring of critical suppliers.

- Criteria assessed: management of sustainability, eco-efficiency, climate change, shared value and leadership
- **82 critical suppliers** assessed

Enablers

Our strategy and the achievement of our goals are leveraged by three enablers inherent to the performance of our activities: Ethics, transparency and employee development and inclusion. We have more than 13,000 people in our work force, oriented to Our Way of Being, who contribute towards ensuring we deliver clean and reliable energy to millions of people on a daily basis.

Ethics

100% of our operations assessed in relation to risks of corruption

Strengthening of the Integrity Program, worthy of note being the Monthly Integrity Conversation about subjects such as discrimination, prejudice and harassment

Dissemination of Code of Ethical Conduct oriented to suppliers

Transparency

Organization of events aimed at Brazilian and international investors, focused on ESG (environment, social and governance) aspects

Review of most relevant topics for the company, expanding the consultation to 10 different stakeholder groups

Employee development and inclusion

R\$ 16 million invested

350,038 hours in courses from Universidade CPFL

248,392 hour of training in professional requalification programs

13,793 employees trained

1,096 participants in the study grant program

Launch of **CPFL + Diversa** program with three activity fronts: the inclusion of persons with disabilities; culture, which encompasses race and generations; and gender, which addresses questions of gender equality and LGBTQIA+

Awards



EXAME/IBRC Customer Service Award



50 most valuable brands in Brazil



ECO Award



Fundação Nacional da Qualidade (FNQ)



Valor Inovação Brasil Award 2020



Carbon Disclosure Project (CDP)



State Grid Management Innovation



Doubts, suggestions or requests for information?

Send an email to sustentabilidade@cpfl.com.br.



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www.relatorioanualcpfl.com.br/en