

# Annual Sustainability Report 2022





# External Independent Assurance Report on the Annual Sustainability Report

GRI 2-5





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## Limited verification report issued by independent auditors

*(A free translation of the original in Portuguese)*

To the Board of Directors and Shareholders  
**Neoenergia S.A.**  
Rio de Janeiro - RJ

### Introduction

We have been engaged by Neoenergia S.A. (“Neoenergia” or “Company”) to apply limited verification procedures on the sustainability information disclosed in Neoenergia’s 2022 Annual Sustainability Report attached in this report, related to the year ended December 31<sup>st</sup>, 2022.

### Responsibilities of Neoenergia’s Management

The Management of Neoenergia is responsible for adequately preparing and presenting the sustainability information in the 2022’s Annual Sustainability Report in accordance with the Standards for Sustainability Report of Global Reporting Initiative – GRI (GRI-Standards), as well as the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

### Independent auditors’ responsibility

Our responsibility is to express a conclusion about the information in the Report based on a limited verification engagement conducted in accordance with the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI-Standards) and the methodology developed globally by KPMG for verification of social and environmental information disclosed in sustainability reports denominated KPMG Sustainability Assurance Manual - KSAM, applicable to historical non-financial information. KSAM is equivalent to *ISAE 3000 (International Standard on Assurance Engagements)*.

These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited verification that the information disclosed in the Neoenergia’s Report, taken as a whole, is free from material misstatement.



A limited verification engagement conducted in accordance with the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI-Standards) and the KPMG Sustainability Assurance Manual - KSAM consists mainly of questions and interviews with the Management of Neoenergia and other professionals of the Company involved in the preparation of the information disclosed in the Report and use of analytical procedures to obtain evidence that enables us to reach a limited verification conclusion about the sustainability information taken as a whole. A limited verification engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the Report taken as a whole could present material misstatement.

The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the Report, on other engagement circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist. The procedures consisted of:

- (a) engagement planning: considering the material aspects for Neoenergia activities, the relevance of the information disclosed, the amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the Neoenergia's Report. This analysis defined the indicators to be checked in details;
- (b) understanding and analysis of disclosed information related to material aspects management;
- (c) analysis of preparation processes of the Report and its structure and content, based on the Principles of Content and Quality of the Standards for Sustainability Report of the Global Reporting Initiative - GRI (GRI-Standards);
- (d) evaluation of non-financial indicators selected:
  - understanding of the calculation methodology and procedures for the compilation of indicators through interviews with management responsible for data preparation;
  - application of analytical procedures regarding data and interviews for qualitative information and their correlation with indicators disclosed in the Report;
  - analysis of evidence supporting the disclosed information;
- (e) analysis of whether the performance indicators omission and justification are reasonable to be accepted associated to aspects and topics defined as material in the materiality analysis of the Company;
- (f) comparison of financial indicators with the financial statements and/or accounting records. We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited verification conclusion.



### **Scope and limitations**

The procedures applied to a limited verification engagement are substantially less extensive than those applied to a reasonable verification engagement. Therefore, we cannot assure that we are aware of all the issues that would have been identified in a reasonable verification engagement, which aims to issue an opinion. If we had conducted a reasonable verification engagement, we may have identified other issues and possible misstatements within the information presented in the Report.

Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data's materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to prior periods, to evaluate the adequacy of policies, practices and sustainability performance, nor future projections.

### **Conclusion**

Based on the procedures carried out, described earlier in this report, we have not identified any relevant information that leads us to believe that the information in Neoenergia's 2022 Annual Sustainability Report is not fairly stated in all material aspects in accordance with the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI-Standards), as well as its source records and files.

Rio de Janeiro, February 17<sup>th</sup>, 2023

KPMG Assessores Ltda.  
CRC RJ-007281/F-1  
(Original report in Portuguese signed by )  
Sebastian Yoshizato Soares  
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# Summary

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# Letter from the CEO

# Letter from the CEO

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“Anchored on a clear strategy of sustainable expansion, we achieved solid results and subscribed to 16 ESG goals, disclosing our ambitions for 2025 and 2030. These reinforce our vision of sustainability as the basis of our business model. Anticipating a profound transformation of the power sector going forward, we strengthened our brand, increased our investments in quality of service, and expanded the portfolio of solutions and services we provide our customers. I am proud to submit this Annual Sustainability Report, the first since I stepped up as CEO of Neoenergia this past June, marking our 25<sup>th</sup> year investing in the Brazilian electric power sector and following a well-structured, smooth transition with the full support of our teams.”

Eduardo Capelastegui  
CEO





Given the resilience of our diversified and integrated business model and our strategy of sustainable growth, in 2022 we achieved an EBITDA of R\$ 11.6 billion, 18% above 2021, and net income of R\$ 4.7 billion, 20% over the previous year. We continued to exercise cost discipline, improving our spending efficiency indicator of OPEX/Gross Margin by more than 100 bps, reflecting the expansion of our business portfolio and increased profitability.

In addition to solid results, in 2022 we made progress in two important steps of our portfolio optimization process: we announced an asset swap with Eletrobras, whereby we took over full control of the Dardanelos hydro plant, plus two residual Eletrobras stakes in assets we already control, in exchange for our stake in the Baguari and Teles Pires plants. We also completed an offering of Neoenergia Pernambuco shares, giving us 100% of the shares of that distributor.

Anchored on a clear strategy of sustainable expansion, in 2022 we increased our investment by 6%, investing over R\$ 9.9 billion in clean and affordable energy, and in our distribution and transmission systems. We also developed smart power solutions.

In distribution we invested R\$ 5.4 billion to expand our networks and make them smarter and more reliable, focusing on customer experience and increasing the satisfaction of our 16 million customers. Our Digital Connection project delivered a CRM (customer relationship management) platform that is an important lever to implement new products and services, and enabled full integration of our service channels.

Neoenergia Brasília, a utility we acquired in March 2021, achieved record EBITDA of R\$ 350 million, and our operating indicators continued to improve. Since we acquired the company, its continuity indicators EOD (equivalent outage duration per customer) and EOF (equivalent outage frequency per customer) improved by 25% and 19% respectively, and we are now within the regulatory loss limit. We have also advanced in our multi-year investment plans for the distributor, focusing on standardization and better quality of service, in particular for customers in the Federal District.

In transmission, we invested R\$ 2.6 billion, energizing the transmission lines in Jalapão (728 km) and Rio Formoso (210 km), both earlier than stipulated in the bid document. We also delivered sections of other lots that are still under construction, ending the year with additional total Permitted Annual Revenue (PAR) of R\$ 200 million. We continued investing in highly profitable growth, successfully bidding for Lots 2 and 11 of the June 2022 Transmission Auction, thus adding 2,000 kilometers of transmission lines and a PAR of R\$ 400 million.

We also invested to expand our renewables portfolio, moving up delivery of the Oitis Wind Farm (567 MW) between the states of Piauí and Bahia, which ended the year at 70% operating capacity (commercial + testing). In addition, we kicked off operations at our first solar plant—Luzia, 143 MWp in Paraíba—a pioneering combination with the Chafariz Wind Farm, also in Paraíba, optimizing transmission costs.

In addition to developing our own portfolio of renewables we continue working with strategic partnerships to enable new technologies, decarbonization, and clean energy solutions. We have signed memoranda of understanding with companies and state governments to develop green hydrogen and offshore wind, and are active participants in policymaking for these energy solutions in Brazil.

We consider sustainability to be the basis of our business model, and are committed to the socioeconomic development of the locations where we have activities, contributing to the quality of life of society and respecting human rights and the environment, as per the principles of the Global Compact and the UN Sustainable Development Goals (SDG).

To further deliver on this commitment, in July we disclosed the Group's 16 ESG targets, publicly announcing our ambitions for 2025 and 2030 such as reducing the intensity of carbon emissions from generation facilities, increased diversity of gender and race in leadership positions, more women electricians, and having most



suppliers certified as sustainable, among others. This will allow us to track, measure, and transparently disclose our progress in these areas.

We have already made progress in the very first year, with some 30% female leaders, including the appointment of the first woman as the CEO of one of our distributors—Neoenergia Cosern. Increasing the number of female electricians by 30.2% was a huge challenge in this industry, which we overcame with our Electrician School, which in January graduated 230 women, 80 of whom have been hired.

Employee safety is one of our priorities. In addition to a number of activities around a culture of safe behavior, in 2022 we launched the Safe Community Program, an educational campaign that has already reached over 200,000 people in our service areas. As our transmission activities expanded, we designed a security plan specific for this segment and its expansion, improving network oversight and discipline and creating standard procedures.

Our distributor Energy Efficiency Programs have impacted over 700,000 people, in particular with solar power and clean energy programs for public schools and hospitals. As part of this program we have started building a 630 kWp solar plant in Fernando de Noronha, floating on the island's water reservoirs. At the same time, the *P&D Trilha Verde* ("R&D Green Trail") Project aims to decarbonize the island and includes two new solar plants, 12 eco-points, and 18 new electric vehicles for our fleet.

We are very proud of the impactful and socially transforming initiatives of the Neoenergia Institute, which in 2022 reached 775 households or over 3,100 individuals. We are particularly proud of the SER ("BE") Program [from the initials for Health, Education, and Income in Portuguese] implemented in the areas of influence of our renewable energy plants and transmission projects. Using social on lending from the Brazilian Development Bank (BNDES), this program includes projects to accelerate human development along these three dimensions in an integrated manner to improve local human development indicators.

Because we strive to be sustainable, we have been able to maintain our B3 Corporate Sustainability Index (ISE) and other industry sustainability indicators, which enable us to access special credit facilities, such as the financing agreement between the International Finance Corporation (IFC) and Neoenergia Coelba—a "Super Green Loan," the first ever given to a distribution company. This is a competitive loan that will reduce the cost of the company's debt and support its ESG goals.

I also highlight the company's commitment to sound governance based on the guidelines issued by the IBGC (Brazilian Corporate Governance Institute). For the second consecutive year we received the Transparency Award from ANEFAC, the National Association of Finance, Administration, and Accounting Executives, and were included in S&P's 2022 Sustainability Yearbook.

Finally, I would like to share with you that the power sector is undergoing profound transformation, with the expectation that this will be a fully open market over the coming years. Based on this reality we are investing not only in quality of service and the supply of solutions and services to our customers, but also in strengthening our brand. Thus, in line with Neoenergia values, we have expanded our project to foster diversity in sports, and today we not only sponsor women's soccer and promote the women's *Brasileirão* competition, we also seek to support women athletes in other sports.

Thus I stress Neoenergia's commitment, purpose, and long-term strategy and thank all our shareholders, customers, and partners for their trust. Lastly, I would like to stress that these results were only possible due to the commitment and dedication of our teams, to whom I extend my heartfelt thanks!



## Recognition, sustainability indicators and ESG certifications

**Corporate Sustainability Index (ISE)** – Neoenergia remains in the Brazilian stock exchange's Corporate Sustainability Index (ISE B3) for the third consecutive year. The 18<sup>th</sup> B3 (Brasil, Bolsa, Balcão) ISE portfolio applies to 2023 and includes 70 stocks. This index was created in 2005, and is the fourth sustainability index created in the world, made up of the companies with the best ESG practices.

**FTSE4Good Index Series** – For the third consecutive year Neoenergia was a constituent of the *FTSE4Good Index Series*. FTSE4Good is one of the foremost international sustainability indices, published by Financial Times Stock Exchange (FTSE) Russell, a division of the London Stock Exchange. This index selects publicly traded companies with recognized ESG (environmental, social and governance) practices based on stringent criteria that are assessed against 300 public indicators.

**CDP** – Since it first issued disclosures - 2021 for Climate, and 2022 for Water Security, Neoenergia has received a score of A for its climate disclosure, and B for its water security disclosures, making it a leader among its peers. This score is the result of the company's business strategy, which focuses on accelerating the energy transition towards climate neutrality. Neoenergia has participated in the CDP since 2021, when it was first listed as a leader in environmental performance, and committed to the growing demand for environmental communication and transparency.

**Institutional Investor's 2022** – Neoenergia is among the top ranking power sector players when it comes to having the best CFO and the best Investor Relations professionals. It has also been recognized for its ESG and *Best Analyst Day* practices. This award, sponsored by *Institutional Investor*, surveyed 911 professionals in 434 financial services institutions.

**Melhores e Maiores 2022** – The parent company and six affiliates were included in the special edition of Exame *Melhores e Maiores*. With the support of IBMEC, which developed the methodology, the yearbook listed 87 companies in the industry in 2022, looking at the increase in revenue between 2020 and 2021, along with ESG issues.

**The Sustainability Yearbook** – Neoenergia was ranked in the S&P Global ESG Annual list for the third consecutive year. This is a ranked list of the organizations demonstrating outstanding environmental, social and governance (ESG) practices.

For the second consecutive year the company received the **Transparency Award** as one of the top ten companies in increasing net revenue over R\$ 20 million for the quality and transparency of its financial information, the consistency of its management reports, and the compliance of its accounting principles. The awards are presented by the Brazilian Association of Finance, Management and Accounting Executives (ANEFAC), and are known in Brazil as the "financial reporting Oscars".

**Valor 1000** – Neoenergia was mentioned in the 2022 yearbook for its results in 2021. It was ranked 24<sup>th</sup> among the largest companies in Brazil (25<sup>th</sup> in 2021), and # 2 in net revenue among electric utilities.

**Smart Customer 2022** – Neoenergia is among the Top 10 companies with the most awards in the ten years of the *Smart Customer* award, which recognizes corporate practices offering the best customer and employee experience. Furthermore, this edition the company received the gold medal with its "Technology and Customer" case study, a joint effort with Wittel, and the bronze medal for its "End to End Management: Neoenergia Customer Personalization and Welcome" case study.



**Conarec** – The company received the Conarecc award in the Energy and Utilities category for its continuous investment in process digitization and better customer experience. This award is given by the National Customer-Company Relationship Congress.

**OSE Award** – Neoenergia received three first-place awards in the six OSE Power Sector and Quality of Electric Facilities categories. This was the fourth year the OSE awards were handed out. It is an initiative of *Setor Elétrico* magazine and Cinase (National Electric Power Circuit) and recognizes successful efforts to design, specify, and install electric power engineering facilities in Brazil. The winning project in Technological Innovation was “Godel - network observatory for loss reduction.” The winning project in Research and Development was “Development of Technology for Microgrid Use in Islanded Systems”. The winning project in the OSE 2022 category was “Developing Technology for Microgrid Use in Islanded Systems”.

**Abradee Award** – Abradee, the Brazilian Association of Electric Power recognized Neoenergia Cosern as the distributor with the best operating management in Brazil among those with over 500,000 customers. The utility was also second place among the top distributors in the country and in the Northeast, and in the financial-economic management category. The company was ranked #3 in terms of customer assessment.

**FNQ Gold Category** – Neoenergia Cosern was recognized as the company with the best management model in Brazil - Gold category in the Best in Management Award, organized by FNQ, the National Quality Foundation. The company participated in the National Quality and Best in Management award a total of ten times.

**ANEEL Ranking** – The Brazilian power sector regulator considered Neoenergia Cosern as the best performing large (400,000+ customers) distributor in Brazil. This ranking is based on Overall Continuity Performance (OCP), an indicator that measures distributor performance based on the limits defined by ANEEL on a scale of 0 to 1, where a low score indicates better performance.

**Cliente S.A. Awards** – Neoenergia received the gold medal for its End-to-End Management case. This initiative is the main award for the customer management and customer experience areas, highlighting best industry practices in Brazil and awarding gold, silver, and bronze medals. In addition, the major winner in each category is eligible for the 2023 Latam Award, competing with companies in Argentina, Colombia, Mexico, and Paraguay, countries that are part of ALOIC [National Latin American Alliance of Organizations for Customer Interaction].

**Pró-Ética Label** – For the fourth consecutive time, in 2020-2021 Neoenergia received the Pró-Ética Label from the Brazilian Audit Court [Controladoria Geral da União]. In 2022, in addition to the four group distributors that participate each year—Neoenergia Coelba, Neoenergia Elektro, Neoenergia Cosern, and Neoenergia Pernambuco—Neoenergia Brasília, now fully integrated in the Group Integrity Program, will participate. This will be reported in 2023 results.

**Women Business Leaders – IFC** – Solange Ribeiro, Neoenergia VP for Regulations, Institutional Relations, and Sustainability, is among six female business leaders recognized by the International Finance Corporation (IFC), part of the World Bank, as an example of activities to address climate change in the private sector. In addition to her role at Neoenergia and the Brazilian electric power sector, she is also Vice-Chair of the Board of the UN Global Compact to engage companies and governments towards supporting the Sustainable Development Goals and the Ten Principles of the Global Compact.

**Wind Ambassador Award** – Laura Porto, Executive Director of Renewables at Neoenergia received the Wind Ambassador award during *Brazil Windpower 2022*, the Latin American wind power event. This award recognizes over 20 years of contributions to the development of wind power in Brazil. She was the first woman to ever receive the award. In her thank-you speech the executive reminded listeners of the industry changes of the past decades, from when wind power was first considered an alternative source to the current debates





regarding offshore wind energy. She also stressed the importance of ethics, economic, and social environmental responsibility, along with a more human, collaborative, and diverse organizational culture.

**“Yes, they exist” award** – in 2018 a project was created to map women executives in the energy industry to catalyze a positive discussion about diversity and gender inclusion in the industry. In 2022, 180 women were nominated for the prize, four of them from Neoenergia: Laura Porto, Executive Director of Renewables; Solange Ribeiro, VP for Regulations, Institutional Relations, and Sustainability; Thaisa Alcoforado, Superintendent of Renewables Business Development; and Claudia Suanno, Superintendent of Regulations.

**ABERJE Award 2022** – Neoenergia’s Junt+s diversity program received the most important award in Corporate Communication in Brazil. The program received the award in the Diversity and Inclusion category during the regional Rio de Janeiro leg.

**ABT Award** – Neoenergia received the silver medal from ABT with its End-to-End Management case. This is an initiative of ABT, the Brazilian Tele-services Association, and is the most important customer relations award in Brazil, recognizing and disseminating best practices submitted by participating companies and transforming winning cases into industry benchmarks.

**100 Open Corps 2022** – Neoenergia was among the Top 50 Open Corps, and placed #4 in the Top 100 Open Corps 2022 Electric Power and Renewables category. This initiative recognizes the leading corporations in open innovation with startups. All Neoenergia business units submitted projects developed with the support of startups.



# 1. Neoenergia, Energy of the Future

## 1.1 About Neoenergia

### 1.1.1 Purpose and values

#### GRI 2-12, 2-23

Neoenergia's commitment to sustainable development contributes to a greater connection with people, society as a whole and stakeholders. The company's Purpose "To continue building a healthier, more affordable energy model based on electricity each and every day" expresses:

- Neoenergia's commitment to the well-being of people and the preservation of our planet.
- A commitment to a real and comprehensive energy transition that, based on the decarbonization and electrification of the energy sector in particular and of the economy as a whole, contributes to the fight against climate change and generates new opportunities for economic, social and environmental development.
- A focus on developing clean energies.
- An ambition to build an increasingly electricity-based energy model.
- Other aspirations for the new energy model are more affordable energy for all, and to favor inclusiveness, equality, equity and social development.
- Neoenergia wants to promote this new model in collaboration with all players involved and with society as a whole.

To attain this Purpose, Neoenergia has condensed its corporate values into the following three concepts:

- **Sustainable energy:** we seeks to always be a model of inspiration, creating economic, social and environmental value in all of its surroundings, and with the future in mind.
- **Integrating force:** we works with strength and responsibility, combining talents, for a Purpose that is to be achieved by all and for all.
- **Driving force:** we brings about small and large changes in order to make people's lives easier, always seeking to improve, and to do so efficiently and with high self-imposed standards.



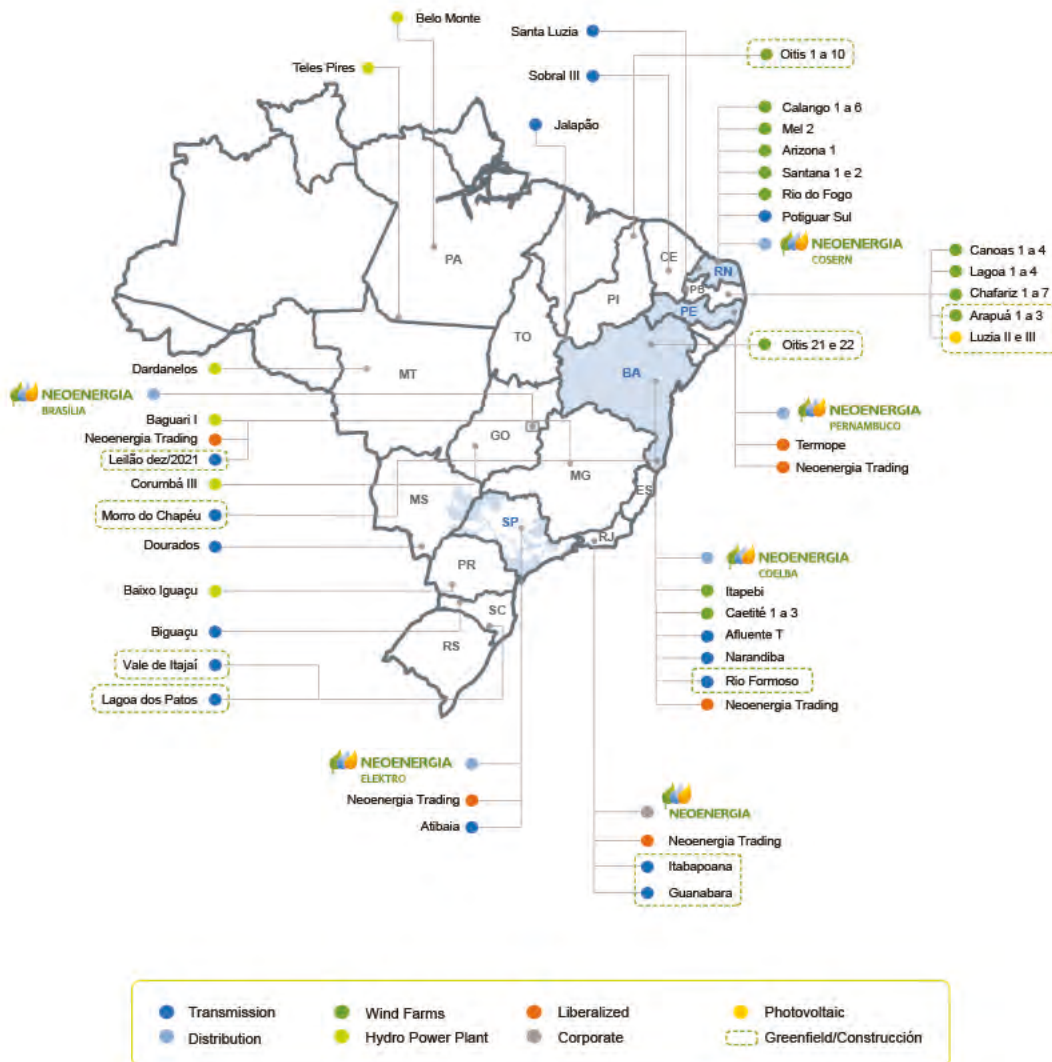
## 1.1.2 Our presence in our areas

### GRI 2-1

A subsidiary of Spanish group Iberdrola, Neoenergia S.A. is helping to lead Brazil’s energy transition to a carbon-neutral economy, operating across three strategic power-sector segments: Networks (distribution & transmission); Renewables (wind, hydro, and solar power), and Liberalized products (energy trading, energy solutions and problems, and thermal power plants).

Neoenergia is a publicly traded company listed on the Brazilian stock exchange (B3 – Brasil, Bolsa, Balcão), the parent company of multiple power-sector companies in Brazil.

### NATIONWIDE PRESENCE



It has operations in 18 states and the Federal District, with a particularly strong presence in Brazil’s Northeast. With a total service area of 846,333 square kilometers and 16 million customers across five distribution utilities—Neoenergia Coelba (BA), Neoenergia Pernambuco (PE), Neoenergia Cosern (RN), Neoenergia Elektro (SP/MS) and Neoenergia Brasilia (DF)—the company supplies electricity to 37.7 million people.





Its transmission business is comprised of nine transmission companies and 2,333 kilometers of transmission lines.

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Neoenergia's installed generating capacity is 5,100 MW. The company's generation platform is based on clean energy sources, with a significant share of renewable assets (hydro, wind, solar), all operating under long-term concessions and long-term power purchase agreements in the regulated market. The company owns seven hydroelectric plants (3,031 MW), 41 wind farms currently in commercial operation (1,394 MW), two photovoltaic solar farms (143 MWp) in operation, and another 3 wind farms under construction.

Neoenergia's Liberalized division includes a combined-cycle gas-fired power plant (Termopernambuco (533 MW)); wholesale trading and power management services businesses (NC Energia and Elektro Comercializadora), and a business providing energy products and solutions, including distributed generation projects, electrical mobility, engineering works, and mass-market products, among other solutions.

Through the Neoenergia Institute, the company supports sustainable development projects that improve quality of life and inclusion in the communities where it operates, especially disadvantaged communities.

As of December 31, 2022, Neoenergia had a workforce of 15,406 direct employees, 31,855 contractors, and 524 interns, for a total workforce of 47,785 people. Net revenue for the period reached R\$ 40.8 billion, and EBITDA was R\$ 11.6 billion.

### 1.1.3 Main products and services

#### GRI 2-6

Neoenergia's main product is electricity, which can be accessed via a number of products, services, and solutions in:

- **Renewables:** electricity generated using wind, hydro power, and photovoltaic sources.
- **Networks:** Electricity transmission, sub-transmission, and distribution.
- **Liberalized:** Energy trading, tailored energy management for end customers, thermal power generation, smart solutions such as distributed solar generation, energy storage, engineering and construction services, mass-market insurance, and new technologies (such as hydrogen from clean sources and green energy solutions).



## Networks/Distribution

Neoenergia operates five distributors:

### DISTRIBUTOR PROFILES

Distributor	Service area	Size (thousand km <sup>2</sup> )	Number of customers (thousand)	Distributed electricity (GWh)
Neoenergia Coelba	417 municipalities: 415 in Bahia (except for Jandira and Rio Real), Delmiro Gouveia in Alagoas, and Dianópolis, in Tocantins	567	6,482,331	25,080
Neoenergia Pernambuco	186 municipalities: 185 in Pernambuco, including Fernando de Noronha, and Pedras de Fogo in Paraíba	98	3,950,216	17,135
Neoenergia Cosern	All 167 municipalities in Rio Grande do Norte	53	1,154,947	6,366
Neoenergia Elektro	228 municipalities: 223 in São Paulo, and 5 in Mato Grosso do Sul	122	2,879,357	20,033
Neoenergia Brasília	Brasília - Federal District	6	1,171,236	7,494

## Networks/Transmission

At the end of 2022 the company had 9 transmission assets in operation, or 2,333 km of transmission lines and 11 substations.

### TRANSMISSION ASSETS

Transmission companies	Location	Length (km)	Substations (#)	Startup
Afluentes T	BA	489.1	3	Dec '90
Narandiba <sup>1</sup>	BA/RN	-	3	June '11
Potiguar Sul	RN/PB	190.1	-	Nov '16
Dourados	MS	581.0	1	Aug '21
Atibaia	SP	-	1	Dec '19
Biguaçu	SC	-	1	Jul '20
Sobral	CE	-	1	Jan '20
Jalapão	BA/ TO/ PI/ MA	728.0	-	Jan '22
Santa Luzia	CE / PB	345.0	1	Nov '21

<sup>1</sup> Narandiba comprises 3 substations: Narandiba, Extremoz II and Brumado II.

In late 2022, the following assets were in the construction or development stage: Guanabara (RJ), Itabapoana (RJ, ES, MG), Vale do Itajaí (SC, PR), Lagoa dos Patos (RS, SC), Rio Formoso (BA), Morro do Chapéu (BA, MG, ES), Estreito (MG), Alto Paranaíba (MG), and Paraíso (MS), all expected to come on stream between March 2024 and September 2027.



## Renewables

The Renewables Business includes 41 wind farms in operation and another 3 under construction, seven hydro plants, and 2 solar plants, totaling 4,568 MW of installed capacity, generating 14,737 GWh in 2022.

### RENEWABLE ASSETS

	Location	Installed capacity (MW)	Neoenergia Capacity (MW) <sup>1</sup>	Neoenergia Share (%) <sup>2</sup>
<b>Hydroelectric Plants</b>				
Itapebi	Rio Jequitinhonha (BA)	462.0	462.0	100
Corumbá III	Rio Corumbá (GO)	596.5	67.6	70
Baguari	Rio Doce (MG)	140.0	71.4	51
Águas da Pedra (UHE Dardanelos)	Aripuanã River (MT)	261.0	133.1	51
Teles Pires	Teles Pires River (MT/PA)	1,819.8	928.1	51
Belo Monte	Xingu River (PA)	11,233.1	1123.3	10
Geração Céu Azul –				
Lower Iguaçu (Generation)	Iguaçu River (PR)	350.2	245.1	70
<b>Wind Farms</b>				
Arizona 1	Rio do Fogo (RN)	28.0	28.0	100
Calango Complex	Bodó, Lagoa Nova, Santana dos Matos (RN)	234.0	234.0	100
Mel 2	Areia Branca (RN)	20.0	20.0	100
Caetité Complex	Caetité (BA)	90.0	90.0	100
Canoas/Lagoas Complex	Santa Luzia, São José do Sabugi (PB)	253.6	253.6	100
Chafariz Complex	Santa Luzia, Areia de Baraunas, São Mamede, São José do Sabugi (PB)	311.9	311.9	100
Oitis Complex	Dom Inocêncio (PI), Casa Nova (BA)	407.0	407.0	100
Rio do Fogo	Rio do Fogo (RN)	49.3	49.3	100
<b>Solar farms</b>				
Luzia 2 and 3 (MWp)	Santa Luzia (PB)	143.0	143.0	100

<sup>1</sup> Equivalent to the group's stake in the asset. Installed wind farm capacity is the total power output of assembled wind turbines.

<sup>2</sup> Direct and indirect stake.

## Liberalized

In 2022 NC Energia supplied over 5.7 TWh of electricity to more than 1,000 end-consumers, an increase of 40% compared to 2021, driving the sustainable growth of the Group's renewable generation business. The company ended the year with 160 energy management clients, and sold more than 4.7 TWh to end customers—including power delivered in the current year and committed for future years. NC Energia sells electricity generated by Neoenergia's generation portfolio to the free market, including part of the power output of the company's operational hydropower plants, wind farms in operation and under development, and solar farms under development.

In addition to electricity trading and wholesale portfolio management, NC Energia also provides customized energy management services to end customers, and trades I-RECs (Renewable Energy Certificates). The key advantage of these certificates is that they provide the opportunity to generate sustainable value from the start



of operation, as they ensure the electricity supplied can be traced to a renewable source. This way, Neoenergia customers can support the development of a cleaner energy mix in Brazil. Currently NC has commercial offices in São Paulo, Salvador, Recife, Natal, Rio de Janeiro, Campinas, Brasília, Belo Horizonte, and Votuporanga.

Neoenergia Serviços ended 2022 with more than 400,000 customers in its portfolio across the solar, engineering, mass market and electric mobility segments, a 50% expansion from its customer base in 2021. Through Smart Solutions, Neoenergia helps customers rethink their energy consumption; the company installs distributed solar photovoltaic (PV) systems that contribute to cleaner and more sustainable generation. Neoenergia Serviços ended the year with 2.4 solar system installations at customer sites.

In the mass-market insurance segment, the company provides health and dental insurance, education and recreation discounts, low-income loans, and other products offered to a segment of the population that would ordinarily not have access to these types of services.

Aiming to accelerate the adoption of electric mobility, in 2021 Neoenergia Serviços created a business line focused on developing charging infrastructure for electric vehicles, including charging stations and smart charging solutions for companies looking to electrify their fleets and facilities, with 165 such facilities installed by late 2022. Neoenergia sees electric mobility as a keyway to decarbonize and contribute to the sustainable development of the economy. Neoenergia Services also works with electricity infrastructure projects, including substations and high, medium, and low-voltage power lines, along with metering and billing systems and facilities for free customers.

In 2022, Neoenergia started to invest in green hydrogen and green industry solutions, helping decarbonize the economy and increase the efficiency of manufacturing processes. These businesses are now part of the Neoenergia's portfolio and will be key for its strategy that focuses on decarbonization, decentralization, and digitization. Neoenergia's goal is to become a major player in renewable hydrogen and green solutions for industry, remaining at the forefront of global industry transformations, mobility, and tertiary sectors.

Green hydrogen is considered a key factor to drive the global energy transition, decarbonizing manufacturing industries such as chemicals, fertilizers, steel, and heavy transportation, all of which are hard to electrify and are some of the planet's major sources of GHG emissions.

Green solutions for industry are ideal for any industry that burns fossil fuels to generate heat or cold in its manufacturing processes and wants to reduce its GHG emissions to be more sustainable and lower energy costs.

The Liberalized division also manages thermal operations – Termopernambuco, a combined gas and steam thermal plant capable of generating 533 MW, located in the Port of Suape in Pernambuco.





### 1.1.4 A consolidated business model

Neoenergia's strategy and business model have been designed in anticipation of the role that the power sector will play in fighting climate change and in creating opportunities for economic, social and environmental development. Neoenergia believes that confronting this serious threat requires not only the commitment of companies and consumers, but also that of regulators and public institutions, which need to adopt appropriate energy policies and regulations.

According to the Intergovernmental Panel on Climate Change (IPCC), achieving the goal of limiting global temperature rise to 1.5°C will require an emissions decline by about 45% from 2010 levels by 2030, and achieving net zero emissions by 2050. This puts electricity from renewable sources at the epicenter of decarbonization, with the need to electrify sectors like transportation and construction, in which polluting energies still play a predominant role.

Company-wide innovation will drive rapid adoption of new generation technologies, as well as automated and remote operation of transmission and distribution networks. There are numerous technologies and opportunities in green hydrogen, energy storage and batteries, expanding non-regulated services, distributed generation, and growing smart mobility.

Electricity is unique in its ability to help address climate change: it can connect renewables to a wide range of industries, and is competitive against other generation sources.

It can also power other industries, such as transportation—which accounts for 25% of global emissions according to the IPCC—and heating and cooling, in which electrification is still low.

Furthermore, electrification of the economy hinges on developing efficient, smart, and flexible power transmission and distribution infrastructure that is able to incorporate renewable energy sources and meet new requirements in terms of connectivity, digitalization and demand-side management. (read more about [climate action](#) in section 1.3).

Neoenergia firmly believes that the transition to a carbon-neutral economy by 2050 is technologically possible, economically feasible, and socially necessary, as per the Paris Agreement signed in 2015. Decarbonization of the economy is a tremendous opportunity to create wealth, generate employment and improve both the condition of the planet and people's health.

For this reason, Neoenergia and its parent group Iberdrola are committed to leading the energy transition with a focus on decarbonization, renewable energy, decentralization, and grid digitization, in line with what the International Energy Agency (IEA) has reported to be the industry's primary demands.

### 2023 - 2032 Integrated Business Plan

To maximize the opportunities to capture synergies and savings across the various business lines, as well as to mitigate risk and take advantage of opportunities, in 2022 Neoenergia took a single, integrated position. This effort is led by the Operations Department, an area created specifically to seek out synergies across the company's businesses, services, and solutions, creating specific medium and long-term guidelines and directions for each business.

This plan was developed in four steps: diagnosis and assessment of industry trends, prioritization and development of an integrated business plan, plan consolidation, including a roadmap and main implementation enablers, and development of a methodology tailored to Neoenergia.



### 1.1.4.1 A business model that enables accelerated value creation for all

#### GRI 2-25 | SASB IF-EU-240a.4

ESG+F (Environmental, Social and Governance & Financial) aspects have been an integral part of Neoenergia's strategy and business model, and complement the search for sustainable financial results. This business model is supported by:

- An approach to economic and financial management that drives value creation for all stakeholders.
- Investment concentrated in the regulated businesses or businesses with long-term contracts, which provide known and recurring cash flows.
- A dividend policy focused on strong and growing returns, in line with better company results.

Neoenergia's business model allows us to:

- Satisfy stakeholder expectations.
- Invest in regulated and long-term businesses that provide known and recurring cash flows.
- Accelerate the development of renewable activities, especially onshore wind, photovoltaics, and green hydrogen to fulfill the decarbonization goals set.
- Diversify geographically – we are now present in a growing number of Brazilian states.
- Move in the direction of safe and growing dividends, in line with the company's increased earnings.
- Maintain a solid financial position sufficient to fulfill the investment objectives defined.

### 1.1.4.2 Capital management

The Neoenergia group holds valuable assets for the implementation of its business model. The strategy defined by the company transforms this capital to create value for all stakeholders.

## CAPITAL MANAGEMENT

	What it is	Management approach	Material topics
 <b>Financial capital</b>	<ul style="list-style-type: none"> <li>Funds that the company already has or raises in the capital markets.</li> </ul>	<ul style="list-style-type: none"> <li>Create shareholder value through sustainable growth.</li> </ul>	<ul style="list-style-type: none"> <li>Balanced and diversified growth.</li> <li>Strength of the financial structure.</li> <li>Operational excellence.</li> <li>Sustainable results and dividends.</li> </ul>
 <b>Manufactured Capital</b>	<ul style="list-style-type: none"> <li>Tangible assets or goods used by the company to carry out its business activities.</li> </ul>	<ul style="list-style-type: none"> <li>Offer a competitive supply of energy in a safe and reliable environment..</li> </ul>	<ul style="list-style-type: none"> <li>Power generation assets.</li> <li>Power transmission and distribution assets.</li> <li>Develop a circular economy of assets.</li> <li>Other assets.</li> </ul>
 <b>Intellectual Capital</b>	<ul style="list-style-type: none"> <li>Intangible, knowledge-based assets.</li> </ul>	<ul style="list-style-type: none"> <li>Consider innovation as a strategic element of the company.</li> </ul>	<ul style="list-style-type: none"> <li>R&amp;D+I.</li> <li>Digitization for efficiency and development of new products and services.</li> <li>Disruptive technology and business models.</li> </ul>
 <b>Human Capital</b>	<ul style="list-style-type: none"> <li>Employee knowledge, skills, experience and motivation.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure the availability of a committed and qualified workforce.</li> <li>Offer a diverse, inclusive and balanced work environment.</li> </ul>	<ul style="list-style-type: none"> <li>Global human resources management.</li> <li>"Zero accidents" program.</li> <li>Talent management.</li> <li>Diversity, equal opportunity and work-life balance.</li> </ul>
 <b>Natural Capital</b>	<ul style="list-style-type: none"> <li>Natural resources potentially affected by the company's activities.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure a sustainable use of natural resources and contribute to combating climate change.</li> </ul>	<ul style="list-style-type: none"> <li>Climate change.</li> <li>Preservation of biodiversity and natural capital.</li> <li>Management of the company's environmental footprint.</li> <li>Operational excellence and energy efficiency.</li> <li>Circular economy.</li> </ul>
 <b>Social and Relationship Capital</b>	<ul style="list-style-type: none"> <li>Ability to share, engage and collaborate with stakeholders, promoting community development and well-being.</li> </ul>	<ul style="list-style-type: none"> <li>Promote relations of trust with stakeholders, improving quality of life for people in areas where the group has a presence.</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder engagement model.</li> <li>Community support and electricity access programs.</li> <li>Human rights due diligence system.</li> <li>The Neoenergia Institute.</li> <li>Brand management.</li> </ul>



The social dividend created by Neoenergia's strategy and business model translates into an increase in the value of its capital, which in turn feeds back into a cycle of value creation, thus efficiently interconnecting the operations of the business and the capital of the company.

The chart below shows the company's strategic focus for each type of capital, and quantifies the aspirations or achievements in each area.

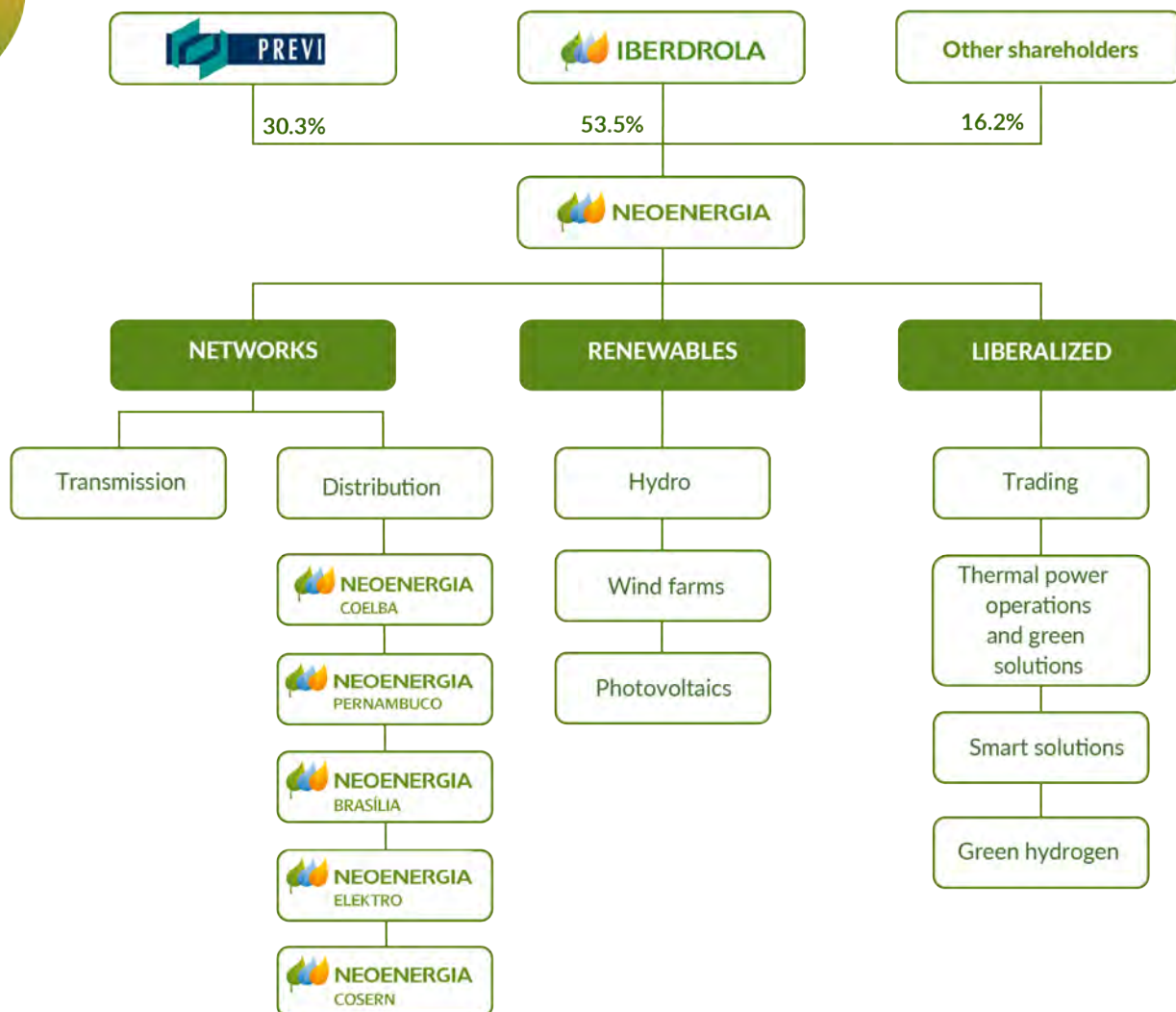
- **Natural:** Fight climate change. Reduce emissions intensity to lower than 20 grams of CO<sub>2</sub> per kWh by 2030, and reach net zero by 2040.
- **Manufactured:** Safe and competitive electricity supply, and a business focused on networks and renewables. R\$ 9.9 billion invested in 2022, up 6% from the previous year.
- **Intellectual:** R\$ 164.3 million invested in the year to foster innovation and R&D.
- **Human:** A diversified workforce in a stable and safe environment, generating 47,785 direct and indirect jobs.
- **Social and Relationship:** Build trust and engagement with communities. R\$ 26.4 billion in social investments in 2022.
- **Financial:** Balanced growth, financial strength, and sustainable dividends. R\$ 11.6 billion EBITDA in 2022.

### 1.1.5 The Neoenergia brand

The "Neoenergia" brand reflects its corporate purpose and values, and is based on the company's strategy, giving it credibility and robustness. The brand seeks to transmit the company's commitment to creating sustainable value for all stakeholders, contributing to the development of the communities around its operations and the well-being of people, providing quality service and solutions that are efficient and innovative, and respect the environment.

The company seeks to identify and adapt to the needs of each state it serves, creating a brand culture based on national-local balance. To make the brand better known nation-wide, in 2021 the distributor brands were unified to take advantage of all communication activities and provide an asset that is important for the development of the business.

Reinforcing the Marketing department and creating a dedicated director-level department was essential to strengthen the brand, which turned 25 in 2022. This development was necessary to brand-building in a scenario where the customer is gaining importance and is at the core of the company's business.







## 1.1.6 Key operating indicators

### 1.1.6.1 Installed capacity, generation, networks, and customers

By late 2022 the Neoenergia Group had a total installed capacity of 5,100 MW, 90% or 4,568 MW from renewable sources.

In 2022, 100% of the energy generated used renewable sources.

#### INSTALLED GENERATION CAPACITY (MW)<sup>1</sup> **GRI EU1 | SDG 7.2**

	2022	2021	2020
Own renewables	4,568	4,015	3,546
Onshore wind	1,394	984	515
Hydro	3,031	3,031	3,031
Solar and other	143	0	0
Combined cycle	533	533	533
<b>Total</b>	<b>5,100</b>	<b>4,547</b>	<b>4,079</b>

<sup>1</sup> Excludes the Tubarão Plant in Pernambuco, a 4.8 MW facility serving the Fernando de Noronha islanded system.

#### GENERATION OUTPUT (GWh) **GRI EU2 | SDG 7.2, 14.3 | SASB IF-EU-000.D**

	2022	2021	2020
Own renewables	14,737	11,935	10,681
Onshore wind	3,843	2,313	1,878
Hydro	10,803	9,622	8,803
Solar and other	91	0	0
Combined cycle <sup>1</sup>	14	3,194	2,440
<b>Total</b>	<b>14,751</b>	<b>15,129</b>	<b>13,122</b>

<sup>1</sup> Electricity generated (GWh) in 2022 was equipment startup test generation following a maintenance stop; no electricity was sold.

The group has 2,333 km of transmission lines, and a 708,777 kilometer distribution system. The following table provides details by type of power line.

#### POWER LINES (KM) **GRI EU4 | SASB IF-EU-000.D**

	2022	2021	2020
<b>Transmission (230 kV + 500 kV)</b>			
Overhead	2,333	2,334	1,045
Underground	0	0	0
<b>Total</b>	<b>2,333</b>	<b>2,334</b>	<b>1,045</b>
<b>Distribution (medium and low voltage) and Sub-transmission (69 kV + 138 kV)</b>			
Overhead	705,516	686,324	654,134
Underground	3,262	3,160	753
<b>Total</b>	<b>708,777</b>	<b>689,484</b>	<b>654,886</b>
<b>Grand total</b>	<b>711,111</b>	<b>691,818</b>	<b>655,931</b>

As of year-end 2022, Neoenergia companies served a total of 16 million consumer units, 88.6% of them residential.

**ACTIVE POWER CONSUMERS (million)**

GRI EU3, 2-6 | SASB IF-EU-000.A

Class	2022	2021	2020
Residential	14.2	13.9	12.6
Industrial	0.0	0.0	0.0
Institutional	0.2	0.2	0.2
Commercial	1.1	1.1	0.9
Other (rural and own consumption)	0.5	0.6	0.6
<b>Total</b>	<b>16.0</b>	<b>15.7</b>	<b>14.3</b>

**PRODUCING USERS (No.)**

	2022	2021	2020
Users that also produce electricity - Distributor customers	444,881	109,817	25,714
Users that also produce electricity - Liberalized business customers	4,869	4,418	NA

NA: Not available

**1.1.6.2 Operations (activity centers)****GRI 2-1**

Because of the large number of Neoenergia Group locations, to suitably report the significant amount of data required by GRI Standards, a number of streamlining criteria were used. Thus, for the purposes of this report, Neoenergia grouped its operations into 67 centers of activity in 2022.

**NUMBER OF OPERATIONS**

	2022	2021	2020
<b>Centers of activity (offices and production centers) - Total</b>	<b>67</b>	<b>72</b>	<b>69</b>
Activity Centers (corporate)	1	1	1
Activity Centers (thermal power plants)	2	2	2
Activity Centers (distribution and transmission)	57	57	39
Activity Centers (renewables)	7	12	27

**1.1.7 Corporate and governance structure, ownership and legal form****GRI 2-1**

Neoenergia is a publicly traded company, with shares listed on the B3 - Brasil, Bolsa, Balcão Exchange in São Paulo, and on Latibex in Madrid. It is a holding company with equity in other companies engaged in its core business activities.



## CORPORATE AND GOVERNANCE STRUCTURE

Board of Directors		
Advisory Committees		
<ul style="list-style-type: none"> <li>▪ Audit</li> <li>▪ Financial</li> <li>▪ Compensation and Succession</li> <li>▪ Related Parties</li> <li>▪ Sustainability</li> </ul>		
Businesses		
Renewables	Networks	Liberalized
<ul style="list-style-type: none"> <li>▪ 7 hydropower plants</li> <li>▪ 44 wind farms in 7 wind complexes</li> <li>▪ 2 solar farms</li> </ul>	<ul style="list-style-type: none"> <li>▪ 5 distributors, 1 Diesel-burning facility in the District of Fernando de Noronha (PE)</li> <li>▪ 16 transmission companies</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2 traders</li> <li>▪ 1 thermal power plant</li> <li>▪ 3 service companies</li> </ul>

The company's corporate and governance structures, and its business model, are based on decentralized decision-making. Neoenergia is responsible for corporate strategy and oversight, leaving subsidiary management to their respective governance bodies. To improve transparency and management, Neoenergia, Neoenergia Coelba, Neoenergia Cosern, Neoenergia Pernambuco, and Neoenergia Elektro have independent members on their boards of directors. Although Neoenergia Brasilia is a closely held company, it also has an independent board member like its other distribution subsidiaries. Other group companies are not required to have independent board members.

The group's practices are designed to protect the rights of stakeholders in accordance with guidance issued by the Brazilian Institute for Corporate Governance (IBGC). This model creates synergy across Group companies and its parent company, unifies processes, and captures gains of scale.

Neoenergia's governance structure guides its business activities in a way that creates shareholder value, is aligned with corporate guidelines, and supports the sustainable development of society. The company's governance structure comprises a Board of Directors, an Oversight Board and an Executive Board. The Board of Directors is supported by advisory committees that assist in decision-making processes.

### 1.1.7.1 Governance structure

#### a. Board of Directors

**GRI 2-9, 2-10, 2-11, 2-12, 2-18**

The Board of Directors is responsible for setting Neoenergia's strategic direction and pursuing its business interests; establishing business guidelines, purpose and values; and nominating the members of the Management Committee and ensuring they operate efficiently. It is also responsible for approving and overseeing corporate policies and the Code of Ethics, in compliance with the principles of corporate governance, applicable regulations, risk limits and social and economic responsibility.

The Board of Directors is composed of 22 members, including alternates, who were elected and/or reelected at an Extraordinary General Meeting (EGM) to serve until August 2023. In February 2022 there was a change in the independent members, with Marina Freitas Gonçalves de Araújo Grossi replacing Isabel Garcia Tejerina, who resigned on December 15, 2021. The Chair of the Board of Directors does not concurrently serve in an executive position within the company. 22.7% of board members are between 30 - 50 years of age, while 77.3%



are over 50. The Chairman of the Board does not concurrently serve in an executive position at Neoenergia. The company's governance bodies, including the Board of Directors, are assessed annually by external auditors engaged for this purpose.

## MEMBERS OF THE BOARD OF DIRECTORS

Title	Name	Status	Nationality	Start of tenure	End of tenure	Member o Board committees
Chair	José Ignacio Sánchez Galán	Chair	Spanish	08/22/2021	08/21/2023	No
Member	José Sainz Armada	Member	Spanish	08/22/2021	08/21/2023	Yes
Member	Daniel Alcaín López	Member	Spanish	08/22/2021	08/21/2023	Yes
Member	Mário José Ruiz-Tagle Larrain	Member	Chilean	08/22/2021	08/21/2023	No
Member	Pedro Azagra Blazquez	Member	Spanish	08/22/2021	08/21/2023	Yes
Member	Santiago Matias Martínez Garrido	Member	Spanish	08/22/2021	08/21/2023	Yes
Member	Eduardo Capelastegui	Member	Spanish	06/15/2022	08/21/2023	No
Member	Denísio Augusto Liberato Delfino	Member	Brazilian	08/22/2021	08/21/2023	Yes
Member	Márcio de Souza	Member	Brazilian	08/22/2021	08/21/2023	Yes
Member	Ênio Mathias Ferreira	Member	Brazilian	03/30/2022	08/21/2023	Yes
Member	Juan Manuel Eguiagaray Ucelay	Member	Spanish	08/22/2021	08/21/2023	Yes
Member	Marina Freitas Gonçalves de Araújo Grossi	Member	Brazilian	02/17/2022	08/21/2023	Yes
Member	Cristiano Frederico Ruschmann	Member	Brazilian	08/22/2021	08/21/2023	Yes
Member	Jesús Martinez Perez	Substitute	Spanish	08/22/2021	08/21/2023	Yes
Member	Alejandro Román Arroyo	Substitute	Spanish	08/22/2021	08/21/2023	No
Member	Mônica Grau Domene	Substitute	Spanish	03/30/2022	08/21/2023	Yes
Member	Tomas Enrique Guijarro Rojas	Substitute	Spanish	08/22/2021	08/21/2023	No
Member	Miguel Gallardo Corrales	Substitute	Spanish	08/22/2021	08/21/2023	Yes
Member	Justo Garzón Ortega	Substitute	Spanish	08/22/2021	08/21/2023	Yes
Member	João Ernesto de Lima Mesquita	Substitute	Brazilian	08/22/2021	08/21/2023	No
Member	Lauro Sander	Substitute	Brazilian	08/22/2021	08/21/2023	No
Member	Ana Maria Ibáñez	Substitute	Brazilian	03/30/2022	08/21/2023	No



The diversity of the Board of Directors has evolved as follows:

**DIVERSITY OF THE BOARD OF DIRECTORS**

GRI 405-1, 2-9 | SDG 5.1, 5.5, 8,5 | PG 6

		2022		2021		2020	
		No.	%	No.	%	No.	%
By gender	Men	22	86.3	19	95.0	21	95.2
	Women	3	13.6	1 <sup>1</sup>	5.0	1	4.7
By age group	31 to 50	5	22.7	8	42.1	7	33.3
	Over 51	17	77.3	11	57.9	14	66.7

<sup>1</sup> Includes Isabel Garcia Tejerina, who attended all board meetings in 2021 as an independent member. She submitted her resignation on 12/15/2021 and was replaced by Marina Freitas Gonçalves de Araújo Grossi in February 2022, also as an independent member.

**b. Oversight Board**

The Oversight Board is a permanent, independent body made up of nine members, including alternates, who are elected in August for a one-year term. All members represent shareholders and none of them hold an executive position in the company. This Oversight Board meets to express its opinion on the annual management report and related statements and to review quarterly balance sheets and other financial statements prepared by the company from time to time. Members are listed in the attachment - Governance Bodies.

**c. Executive Board**

The Executive Board is responsible for implementing the company's strategic plan. It is made up of 11 members (including the CEO) appointed by the Board of Directors for (renewable) three-year terms. Executive Board meetings are held weekly or whenever called by any member. Members are listed in the attachment - Governance Bodies.

In 2022, Mario Ruiz-Tagle, who served as the CEO for five years, was replaced by Eduardo Capelastegui, previously the Executive Director of Asset Control and Planning.

**GRI 2-9**

**d. Committees**

Neoenergia's Board of Directors is assisted by four advisory committees: Audit, Finance, Compensation and Succession, Related Parties and, since 2021, Sustainability. Each committee is composed of five directors and four alternates, with the exception of the Related Parties Committee, made up of three directors, two of whom must be independent, and one selected externally. Members are listed in the attachment - Governance Bodies.

Members of the Audit and Compensation and Succession committees are members of the BoD. The Finance Committee may include members of the Board of Directors or their designees, and meets to discuss such matters as are raised by the Board. Since 2019, the committees have included independent members as a way to increase transparency. Within their scope, the committees are responsible for considering matters put forward and providing recommendations regarding most of the Board's decisions.

**GRI 2-23**

**Audit Committee** – Responsible for ensuring the Group's internal control and risk management systems are effective, overseeing the internal audit, which reports functionally to this Committee, ensuring the independence of internal and external audits, and overseeing the preparation of financial statements. The Audit





Committee consists of five members, three of whom are independent board members, and includes the Chair, who is also an expert in finance.

**Compensation & Succession Committee** – This committee exercises oversight of activities and decisions regarding compensation and succession of Neoenergia’s directors and other officers, evaluates and recommends performance reviews of the Executive Board, and proposes overall human resources policies and strategies. It is made up of five members, one an independent member.

**Finance Committee** – Advises on matters related to the Group’s financial transactions, including the selection of financial service providers and guarantees to be provided by the company and its subsidiaries and affiliates, examining the impact of relevant financial matters that require additional analysis and/or details, and providing studies, analyses and recommendations as required by the Board of Directors. It is made up of five members, one of whom must be independent and one appointed by the Board of Directors.

#### GRI 2-15

**Related Parties Committee** - It's three members, two of whom independent board members and one external, advise on matters concerning related party transactions, including whether transactions are in the interests of the company, whether there are conflicts of interest, and whether they are made on an arm’s length basis.

**Sustainability Committee** – The Sustainability Committee is a strategic body that fosters BoD engagement and facilitates embedding ESG aspects into Neoenergia’s business strategy. It champions the sustainability agenda and oversees the Compliance department. The committee is comprised of five members, two of them members of the BoD, one of them independent, and others appointed by the Board of Directors.

*The resumes of all directors, members of the Advisory Committees and the Executive Committee are available on the Investor Relations page of the company’s website under Corporate Governance.*

#### OWNERSHIP STRUCTURE (%)

##### GRI 2-1

	2022	2021	2020
Iberdrola Energia S.A	50.00	50.00	50.00
Iberdrola S.A.	3.50	2.91	1.04
Caixa de Previdência dos Funcionários do Branco do Brasil – Previ	30.29	30.29	30.29
Board members and directors	0.04	0.00	0.00
Free float	16.17	16.81	18.67

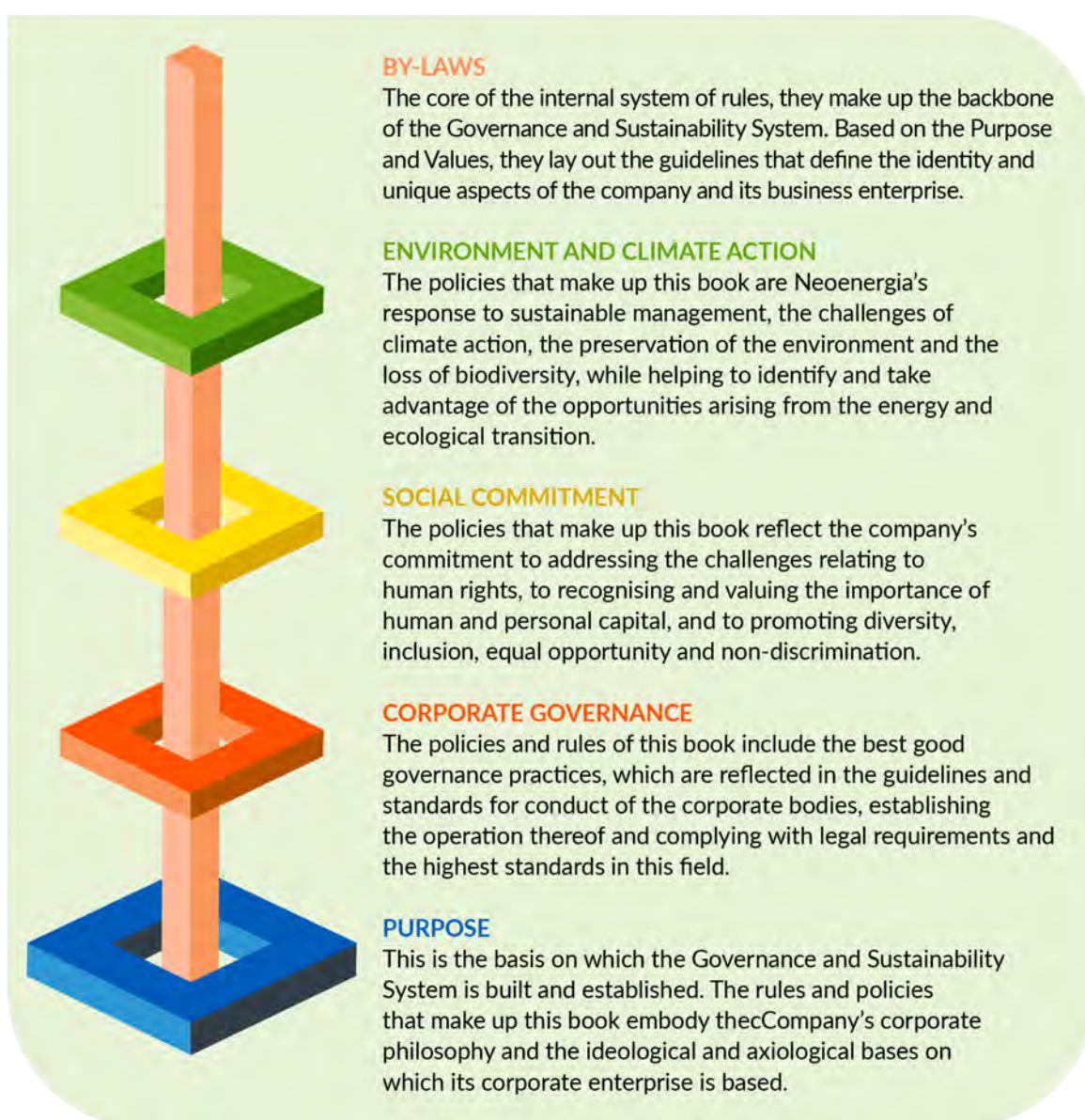
<sup>1</sup>Data for 2020 and 2021 adjusted for the closing of the respective fiscal periods.

## 1.2 Governance & Sustainability System

### 1.2.1 Introduction to the governance and sustainability system

Neoenergia's Governance & Sustainability System is comprised of the set of policies, standards, industry best practices, and principles that govern the group's organization, operations, and relationships. It was created to ensure compliance with the company's bylaws that bind its shareholders, and especially that the company's stated purpose of business and social interests are fulfilled.

#### STRUCTURE OF THE GOVERNANCE AND SUSTAINABILITY SYSTEM





The System includes a specific segment on corporate governance that incorporates best practices and places Neoenergia as a role model in its area of business. The system was designed in accordance with the Shareholders' Agreement and current legislation, and is inspired on the purpose to "collaboratively continue building a more affordable and sustainable electric energy model each and every day". It is also based on the Bylaws approved at a GSM, which combine and reference all key elements, assigning to the Board of Directors responsibility for its development, irrespective of its other responsibilities.

In line with the group's sustainable development strategy, the System transcends the traditional, corporate governance-centered focus and is based on three pillars: (i) environmental performance, fighting climate change and protecting and restoring biodiversity; (ii) the company's social commitment, which is reflected in its social programs; and (iii) corporate governance standards and policies. This System is continuously reviewed to incorporate best practices.

## Bylaws

The Company's bylaws are the backbone of its Governance & Sustainability System. Based on the Company's Purpose and Values, the bylaws set the guidelines that define the identity and uniqueness of the company and its business project.

## 1.2.2 Code of Ethics

### GRI 2-12, 2-23

Neoenergia's Code of Ethics defines a set of principles and guidelines to ensure ethical and responsible conduct on the part of all officers, employees, contractors, and suppliers. It was developed based on recommendations of good governance recognized in Brazil and abroad, and the group's sustainable development principles.

The Code of Ethics is part of the Governance & Sustainability System and, within legally established limits, applies to all companies under Neoenergia control regardless of their hierarchical relationship, geographic location, or functional dependence.

The Code of Ethics was originally approved by the Neoenergia Board of Directors in 2006, and was last amended on July 19, 2022.

*Further information on the group's Compliance System may be found in Chapter 4, under "Ethics and Integrity".*

## 1.2.3 Policies and commitments

Neoenergia adopts a set of corporate policies whose principles are reflected in the Governance & Sustainability System, and that include guidelines governing the conduct of the companies the group operates or owns equity in, and their officers, executives, employees, and contractors, within the Company Purpose and Values.

These policies are available in full under the Corporate Governance tab of the company website, under Governance & Sustainability System. They are structured into four components and are constantly reviewed.

- Purpose (see Purpose and Values), Code of Ethics, General Sustainable Development Policy and Relationship with Groups of Interest.



- Environment and Climate Change
- Social Commitment
- Corporate Governance

### 1.2.3.1 General Governance & Sustainability Policy

#### GRI 2-23

The General Governance & Sustainability Policy defines the overall guiding principles that govern the group's sustainable development strategy. The policy was first approved by the Board of Directors on July 19, 2018 and is reviewed annually, most recently on December 13, 2022. The goal is that all corporate and business activities are committed to and effectively work to create sustainable value for shareholders and other stakeholders, equitably compensating all groups that contribute to the success of the business. It also seeks to promote the values of sustainability, integration, and dynamism, favoring compliance with SDGs and rejecting actions that infringe them or that can become obstacles.

This policy includes five principles that apply across the board: (i) creating shared sustainable value; (ii) transparency; (iii) developing and protecting intellectual capital; (iv) innovation, and (v) contributions to society through responsible tax behavior and compliance with tax obligations. There are eight principles of action regarding the main stakeholders: our team of people, shareholders and the financial community, communities, regulatory bodies, customers, suppliers, the media, and the environment.

The principles of action for these sustainable development policies are mentioned throughout this report.

### 1.2.3.2 Environmental and Climate Change Policies

Neoenergia's environmental policies are its response to environmental challenges such as climate change and the loss of biodiversity. Meanwhile they also help identify and take advantage of the opportunities arising from the energy and ecological transition.

- Sustainable Management Policy
- Environmental Policy
- Climate Action Policy
- Biodiversity Policy

Specifically, the group's commitment to sustainability is based on the following basic principles defined in its Sustainable Management Policy:

- a. Development of a business model based on environmentally sustainable economic activities;
- b. Competitiveness of energy products supplied through efficient generation, storage, transmission, distribution, and sale of electricity;
- c. High quality of service, and reliable and secure supply of energy products;
- d. Reducing the environmental impact of all activities performed by group companies;
- e. Creating sustainable shared value with shareholders and stakeholders;
- f. Promoting the group's social commitment and, in particular, respect for human rights, as set out in its Policy on Respect for Human Rights;
- g. Promoting responsible energy use.



### 1.2.3.3 Social Commitment Policies

Fostering a culture based on knowledge and respect for human rights is the basis for sustainable development and value creation at Neoenergia. The company's social commitment policies reflect the connection between the group and human rights, the development of relationships that respect diversity with its stakeholders, and a sense of inclusion and belonging. Ensuring equal opportunity and non-discrimination are essential for this.

- Respect for Human Rights Policy
- Human Resources Organization Policy
- Equality, Diversity & Inclusion Policy
- Selection and Hiring Policy
- Knowledge Management Policy
- Innovation Policy
- Sustainability Policy
- Corporate Safety Policy
- Responsible use of Artificial intelligence Tools and Algorithms Policy

### 1.2.3.4 Corporate Governance Policies

These define the overall corporate governance strategies and commitments that are binding on Neoenergia and other group companies. They are based on the highest ethical standards and fulfillment of internationally recognized governance recommendations adapted to the company's unique needs and specificities.

All group companies share the concept of corporate governance as an element of social impact, representing the common interests of all Neoenergia shareholders.

This concept is guided by the principle of creating sustainable value and continued alignment with stakeholders related to the company's business activities and institutional reality, and complies with its Purpose and Values, its commitment to social dividends, and especially contributing to achieving the Sustainable Development Goals (SDG) approved by the United Nations (UN).

## 1.2.4 Long-term Risks and Opportunities – Integrated Risk System

### GRI 2-25

Risk management at Neoenergia is based on prevention, independence, commitment to business objectives, and involvement of senior management and the Board of Directors. Aware of the importance of risk management in achieving its strategic objectives, the company is committed to making every effort to ensure that all of the relevant risks associated with all group business activities are properly identified, measured, managed, and controlled. The Board of Directors has the following responsibilities in this regard:

- Annually review and approve the level of risk tolerance based on risk policies that define the qualitative and quantitative limits and indicators) appetite for risk of the group and each of its main businesses and roles and responsibilities, as per the objectives stated in the multi-year plan and in annual budgets.
- From time to time, the company monitors risks (maps of the main risks), significant threats, and different exposures the group is subject to, along with compliance with the approved indicator limits.





### 1.2.4.1 Integrated risk management and control system

Neoenergia's Corporate Risk Management function is responsible for identifying, evaluating, mitigating, monitoring and reporting the Group's main strategic risks. It reports to the Chief Financial and Investor Relations Officer.

The risk management process aims to:

- Achieve the goals contained in the company's strategic plan with controlled risk
- Incorporate risk metrics into corporate objectives
- Preserve and generate results
- Ensure its activities are legally compliant and aligned with Neoenergia values and with its strategic planning, policies, and commitments
- Protect the interests of shareholders, customers and other stakeholders
- Protect the Group's image and reputation
- Ensure stability, financial strength, and sustainable development while promoting operational efficiency

In working toward these goals, Neoenergia observes the following basic principles:

- Incorporate a risk-opportunity vision into group management
- Segregate duties between risk-taking and risk management functions, ensuring an adequate level of independence
- Use communication and training to disseminate a risk culture among Neoenergia group employees
- Ensure proper use of risk mitigation tools and limits
- Strengthen the corporate governance structure

As part of the risk management cycle, meetings are held between the risk function and the heads of corporate and business functions to update risk maps and ensure compliance with policy guidelines and limits. The outcomes from this process are reported to the Executive Committee through business risk matrices and are included in the Audit Committee's half-yearly report.

In 2022, the company started to review its risk matrix, embedding ESG-associated risks across the board, and assessing ESG+F risk associated with Neoenergia's compliance with the commitments made and disclosed to the market.



Based on the document "The IIA's Three Lines Model 2020. An update of the Three Lines of Defense"

Neoenergia's approach to risk governance is based on the Three Lines of Defense model, which is COSO compliant and results in more effective risk management. In the first line of defense, business functions are responsible for managing specific risks and for developing mitigation strategies and implementing controls. The second line comprises the Corporate Risk, Internal Controls, and Compliance areas (GRC), and is responsible for supporting the first line in managing risks, recommending adjustments as necessary, and working in an advisory capacity, including as regards policies and procedures. The third line is the Internal Audit, which issues independent reports and opinions, and makes recommendations on controls.

A risk management culture is disseminated in the organization through training sessions and workshops about its policies, which in 2022 were also virtual.

### 1.2.4.2 Neoenergia group risk policies and limits

Neoenergia's General Risk Management Policy comprises a set of policies and risk limits that are updated and approved annually by the Board of Directors. The existing risk framework includes 16 specific policies for certain risks, corporate functions, or group businesses. These too are approved annually by the Board of Directors and include limits and indicators monitored by the Risk Area:

- General Corporate Risk Management Policy
- Credit Risk Policy
- Energy Market Risk Policy
- Operational Risk in Market Transactions Policy
- Insurance Policy



- Investment Policy
- Financial Risks Policy
- Acquisition of Treasury Shares Policy
- Procurement Policy
- Information Technology (IT) Policy
- Cybersecurity Risk Policy
- Reputational Risks Policy
- Occupational Health & Safety Policy
- Liberalized Business Risk Policy
- Renewables Business Risk Policy
- Network Partner Business Risk Policy

### 1.2.4.3 Main Neoenergia group risk factors

The group is exposed to a number of risks inherent to the areas and markets in which it operates, and that could keep it from achieving its strategic objectives and implementing its strategies. These risks are grouped into:

**Governance Risk:** the main governance risks are due to the possibility of non-compliance with applicable legislation, the provisions of the Governance & Sustainability System, industry best practices and recommendations by the regulator, and with international governance standards. The consequences of such breaches include challenges against corporate agreements, disagreements among shareholders, citations from the regulators, failure to meet ESG commitments, and divestments or lack of interest in Neoenergia group shares.

**Market risk:** group earnings and equity exposure to fluctuations in prices and other market variables, such as:

- Financial: exchange rate, interest rates, solvency, liquidity, inflation, and the value of the company's financial assets and liabilities.
- Cost of energy and other raw materials: cost of energy, gas, and other fuels, the cost of the right to issue CO<sub>2</sub> certificates and other mechanisms to support renewable energy, and the cost of other raw materials (steel, aluminum, copper, etc.).

**Credit risk:** defined as the possibility of counterparty default on financial and contractual obligations, including the cost of bankruptcy and replacement, such as default or "non-performance" resulting in economic or financial loss for the group. Counterparties may be ending customers, counterparties in the energy or financial markets, partners, suppliers, financial institutions, and insurers, among others.

**Business risk:** defined as uncertainty regarding how key variables intrinsic to the group's businesses will behave, such as the balance of electricity supply and demand, hydrology, and the strategies of other players.

**Regulatory and political risk:** risks arising from the regulators creating or amending the standards that support the operation of the electric power industry, such as changes in the degree of control over regulated activities and supply conditions, changes in environmental or tax regulations, including the risks of policy changes that might impact legal security and the legal framework that applies to businesses in each jurisdiction, the nationalization or expropriation of assets, cancellation of permits and licenses, and failure to comply in full or in part with agreements, and legal and fraud risks.



Operating, technology, environmental, social, and legal risks: these result from direct or indirect economic and financial losses due to inadequate internal processes or external events, including those arising from:

- Human error, failures in technology and technological obsolescence;
- Facility construction and operations;
- Supply chains and procurement;
- Cybersecurity and information systems;
- Occupational health and safety;
- Climate change, extreme natural phenomena, and pandemics;
- Regulatory compliance;
- Reliability of financial and non-financial information;
- Fraud and corruption; and
- Litigation, arbitration, and tax contingencies.

**ESG+F Risks:** the set of risks related to environmental, social, and governance issues that could impact the company's economic-financial performance and/or its reputation. This assessment includes but is not limited to stakeholder engagement, the materiality matrix, value chain sustainability, assessments and action plans related to the risk of climate change, and social responsibility. Neoenergia's governance in particular should play an important role in supporting the long-term strategy and monitoring the risk of non-compliance with the ESG commitments disclosed to the market in 2022, as well as the risk of failure to comply with its ESG-related contractual and regulatory obligations.

**Reputational risk:** the potential for negative impact on the value of the Neoenergia group due to conduct, behavior, or positioning that goes against the expectations of stakeholders such as defined in the Stakeholder Policy, including behaviors and conduct related to corruption.

#### 1.2.4.4 Evolution of the risk management processes

##### GRI 2-24

Neoenergia's risk management and control system enables preventive identification of risks, or points to disparities between limits and indicators that enable decisions to minimize potential impact. The Iberdrola Group Executive Risk Committee, of which Neoenergia is part of, meets every month to update best practices in all countries where Iberdrola does business, and reports the main risk factors for the Neoenergia group. This committee is supported by the Credit and Market Risk Committees, who also meet on a monthly basis.

Furthermore, the Brazil Risk Department submits quarterly reports to the Audit Committee. These reports are then presented at Board of Directors meetings.

#### 1.2.4.5 Emergencies and contingency plans

##### GRI ex-EU6, ex-EU21, 2-25

All Neoenergia companies have Emergency Response Plans (ESP) to handle accidents and incidents that may involve workplace safety issues as well as environmental emergencies. These include traditional emergencies such as fires, explosions, and electricity discharges, but also environmental emergencies such as those involving chemicals.



For our distributors, these plans include resuming operating conditions whenever power supply has been interrupted. In the event of situations involving distribution lines and substations, the power is switched off and emergency maintenance crews deployed. All contingency plans are available online and may be checked in real time by all system controllers. Depending on the nature and extent of the outage, occupational safety teams, the local fire department, and public emergency medical teams are activated. Training and drills are used to limit oil or chemical leaks, fires, and vehicle collisions, among other incidents.

The power system is coordinated, overseen, and operated by the Integrated Operations Center (IOC) of each distributor. All interventions are governed by Operating Instructions that standardize safety in operations and maintenance. There are procedures to resume supply, and for scheduling and interventions as per applicable regulations. There is also a IOC crisis plan and system to provide power to corporate headquarters, backup power for IOC centers in the event of disaster, and real-time monitoring processes with data analysis and business intelligence tools for dynamic decision making.

Hydroelectric generators have Dam Safety Plans (DSP) following regulatory requirements to ensure monitoring, control and maintenance of these structures in accordance with guidelines defined by ANEEL. This risk is deemed to be remote as the company's hydroelectric dams have static structures built on firm foundations in the riverbed. At all power plants owned by the Group, the ERP team provides training that is monitored against internal indicators that also inform corporate management processes.





## 1.3 Climate action

### 1.3.1 Introduction to climate change

Neoenergia's business strategy has been designed to accelerate the energy transition toward net zero by delivering clean, reliable and smart energy. The company sees the climate agenda as an opportunity to expand its portfolio, while also recognizing the need to create climate resilience both company-wide and individually within each business.

### 1.3.2 Climate Governance

#### GRI 3-3\_305

Neoenergia has adopted fighting climate change as a priority of its Corporate Governance System approved on July 19, 2018, and the first ever policy on this theme. The current Climate Action Policy defines the strategy framework and group business model, which is in line with the Paris Agreement and the 2030 Agenda to fight climate change. This policy commits the company to continue taking a leadership position (directly and through alliances) to promote awareness (decarbonization impact, challenges, and benefits), contributing to a sustainable carbon-neutral future.

This policy also includes implementing the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) to identify and report long-term risks and opportunities related to climate change. Since 2021 Neoenergia has adopted the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) as basic principles for corporate management and reporting of non-financial indicators.

This is reflected in the 2022 Climate CDP dossier, which was graded A-, putting Neoenergia among the leaders in CDP Climate environmental performance. This disclosure reflects Neoenergia's approach to managing climate-related risks and opportunities in its day-to-day activities.

An inventory of emissions has been kept and audited since 2019, and was awarded Gold reporting status by the Brazilian GHG Protocol Program. This inventory is available on the company website under Sustainability). The Internal Carbon Pricing process described in section 1.3.3.1, supports the scope of the company's decarbonization efforts.

#### TCFD

The four core elements of the Task Force for Climate Related Financial Disclosures —Governance; Strategy; Risk Management; and Metrics and Targets—support Neoenergia's risk and climate opportunity management. Progress is reported annually to exchange indices and via CDP Climate Disclosures, making all processes and results more and more transparent, in line with market standards and expectations.



## CORE ELEMENTS OF THE TCFD RECOMMENDATIONS

<b>Governance</b>	<p>Neoenergia's Board of Directors (BoD) sees climate change as a priority issue that needs to be embedded in decision-making. The Sustainability Committee is a permanent statutory advisory body linked to the BoD. Independent representatives participate in committee meetings.</p> <p>The Innovation &amp; Sustainability function is responsible for policy initiatives, raising awareness, promoting climate adaptation and mitigation initiatives, and for other matters on the company's sustainability agenda. The TCFD methodology supports these activities, including risk and opportunity management, measures to create climate resilience among its assets, and decarbonization of the production processes in Neoenergia's portfolio, with the support of tools such as internal carbon pricing.</p>	<p>CDP Questionnaire: sections C1.1, C1.2, C1.3</p>
<b>Strategy</b>	<p>Neoenergia's focus is on advancing clean, safe, and reliable energy and innovation. This is addressed not only as a risk factor, but also as an opportunity to grow the business while supporting jobs and livelihoods.</p> <p>The company's business strategy focuses on electrifying the economy and on decarbonizing the power sector, investing in digitization and smart solutions for customers, expanding wind and solar farms, and transmission projects to deliver generated electricity. Several R&amp;D projects are developing solutions and products and services supporting the decarbonization and electrification of Brazil's economy, such as the Green Corridor, an electric car-ready highway.</p>	<p>CDP Questionnaire: sections C2.1, C2.2, C2.3, C2.4, C3.1</p>
<b>Risk management</b>	<p>Neoenergia's Corporate Risk function is responsible for identifying, measuring, managing and controlling significant risks across all businesses within the Neoenergia Group. Some of these risks are related to global climate change.</p> <p>Using the TCFD methodology, the Innovation &amp; Sustainability function works with business and corporate departments to identify (physical and transition) climate risks and opportunities. This informs action plans for climate adaptation, and Neoenergia's investment strategy.</p> <p>Final Investment Decisions (FIDs) on whether or not to proceed with new wind and solar projects and developments take into consideration a climate dossier, which informs the investment dossier, a document that determines whether or not to go ahead with a given venture.</p>	<p>CDP Questionnaire: sections C2.1, C2.2, C2.3</p>
<b>Metrics and targets</b>	<ul style="list-style-type: none"> <li>▪ Greenhouse gas emissions inventories: provide a baseline against which to monitor progress toward targets.</li> <li>▪ A target to reduce generation emissions is one of Neoenergia's ESG commitments, together with its commitment to reduce emissions towards climate neutrality.</li> <li>▪ Internal Carbon Pricing (ICP) program: creates decarbonization roadmaps and identifies abatement costs.</li> <li>▪ Immersion in science-based technologies by participating in the Global Compact Climate Ambition Accelerator Program.</li> <li>▪ Energy Compact Commitment.</li> </ul>	<p>CDP Questionnaire: sections C4.1, C4.2, C4.3, C5.1, C6.1, C6.2</p>

### Climate Action Plan

The Iberdrola Group Climate Action Plan applies to all of its affiliates in all countries, including Neoenergia. It is based on key elements such as investing in technological and business innovation, entering into alliances and actively participating in the main climate agenda milestones, supporting key initiatives that strive for a higher climate ambition, and make everyone aware of this theme with internal and external activities with reference institutions.

To fully comply with and implement its policies the company has social bodies and internal committees for monitoring. The Iberdrola Board of Directors is responsible for approving, overseeing, and periodically reporting on the Climate Action Plan. The Annual Report of non-Financial Information is how the company and its Board of Directors fulfill this obligation.

**GRI 2-17**

To meet its needs for professionalism, diversification, and qualification across relevant topics, the Iberdrola BoD has a training and retraining program for its members that includes decarbonization and fighting climate change. The Annual Report on Board and Committee Activities describes and lists the topics addressed by the BoD and its committees, and the entire content related to climate change risks and opportunities.

### BASIC PRINCIPLES OF THE CLIMATE ACTION PLAN



### 1.3.3 Climate action goals and elements

Neoenergia participated in the 2022 Climate Conference (COP27) in Egypt. Solange Ribeiro, VP for Regulations, Institutional Relations, and Sustainability, and deputy-chair of the UN Global Compact Board participated in Caring for Climate, a high-level event that debated renewable energies as a path towards energy security and stable prices, decarbonization of high-emission industries, and measures towards Net-Zero through the Science-Based Targets Initiatives. She also participated in an event promoted by the Brazil Network of the Global compact and CDP that debated “Mobilizing Capital for Climate and Economic Transition: Mitigation and Adaptation”.



Neoenergia is a member of the Energy and Climate Change Thematic Group of the Brazilian Business Council for Sustainable Development (CEBDS), a group of 100+ Brazilian companies responsible for 40% of the nation's GDP, communicating messages about decarbonization and the end of illegal deforestation, and in favor of the carbon market. Neoenergia is also part of the Global Compact Brazil Network Climate Action Plan, which was active during COP27.

### 1.3.3.1 Climate goals

Climate change is a key element for defining the company's strategy, focusing on promoting clean technologies, innovation, and alliances with research institutions, industry associations, and startups, to name a few. Neoenergia addresses climate change not only as a risk factor, but also as an opportunity for growth through mitigation and adaptation during the transition to a low-carbon economy.

Neoenergia assumed the ESG commitment of reducing its generation emissions from 61 grams of CO<sub>2</sub>e per kWh in 2021 to less than 36 grams of CO<sub>2</sub>e per kWh generated in 2025, and 20 grams of CO<sub>2</sub>e per kWh in 2030. The goal is to be carbon neutral by 2040. Between 2018 and 2021, emissions from its generation operations dropped from 73 g CO<sub>2</sub>/kWh to 61 g CO<sub>2</sub>/kWh. In 2022 it was only 1 g of CO<sub>2</sub>e/kWh, however this was an atypical year in which Neoenergia's combined cycle natural gas thermal plant did not operate commercially.

The company will continue promoting a fully integrated business model that fosters renewable generation and digitization, along with an investment plan for a zero-carbon future in order to meet its emissions commitments. Having 90% of its high and medium voltage grids digitized by 2030 is another ESG commitment, as is electrifying its fleet, helping reduce corporate emissions, an initiative already approved by the Board of Directors.

### Internal Carbon Pricing

In 2021 Neoenergia, working with the Fundação Getulio Vargas Center for Sustainability Studies (FGVces) developed an Internal Carbon Pricing (ICP) project that is now a corporate process that is reviewed and updated each year. It is a driver of engagement and helps identify opportunities to reduce emissions and the abatement costs for production processes, with the project team working with business areas and seeking new potential decarbonization paths.

The first Marginal Abatement Curve (MAC) resulted in an internal price for carbon covering 12 potential emission-reduction projects. These include, for instance, measures to electrify the fleet and the development of two electric trucks, the result of a Neoenergia R&D project, which will be further scaled up. The MAC curve was reviewed in 2022 to include new projects and update the data on other projects as necessary.

### 1.3.3.2 Investment plan

Neoenergia's commitment resulted in investments of R\$ 9.9 billion in 2022, mostly to electrify the economy, for technological innovation and advances, and increased connectivity with consumers. This is the group's largest ever investment program. This program was a significant boost for the renewables area, which reached an installed capacity of 4,568 MW, or 90% of the company's total generating capacity.



Neoenergia continues identifying and consolidating new opportunities for growth in renewables, helping decarbonize the Brazilian power grid. We highlight two new wind complexes: Chafariz and Oitis. The Oitis complex is a group of 12 wind farms in the states of Piauí and Bahia; the installed capacity is 566.5 MW of clean and renewable energy, and it started up in late 2022. The Chafariz Complex is a group of 15 onshore wind farms in the backlands of Paraíba, with a generating capacity of 471 MW. It started operation in 2021. The Luzia solar complex, also in Paraíba, marked the company's entrance into large-scale, centralized photovoltaic power generation. The complex has an installed capacity of 143 MWp, enough to supply power to over 100,000 homes. It came partially on-stream in the second half of 2022. All of this electricity is traded in the free market environment.

Keeping up with advances in regulation of offshore wind generation in Brazil, the company filed for permits with the environmental authorities for three offshore wind farms in the states of Rio de Janeiro, Rio Grande do Sul, and Ceará. With the support of R&D, Neoenergia seeks to come out ahead in production of green hydrogen, embedding and replicating the knowledge of parent company Iberdrola, a pioneer in green hydrogen and operator of the largest green hydrogen plant in Europe, which produces fertilizer with no GHG emissions.

According to the International Energy Agency's 2022 *World Energy Outlook*, hydrogen and hydrogen-based fuels should take off after 2030, and should account for 10% of the fuel consumed in the world by 2050. This is why it is so important to expand wind and solar energies, which are strategic for the growth of green hydrogen. Due to competitive generation prices and abundant wind and sun, Brazil has competitive advantages to becoming a global leader in GH.

### 1.3.3.3 Technological and business innovation for climate change

Innovation is key to the company's strategy, as it is a tool that increases competitiveness, maximizes the application of technology in added-value activities, with more sustainable and efficient solutions; and contributes to the fight against climate change.

The following are a few representative examples of innovation in the group that has an impact on climate action and decarbonization: commitment to green hydrogen as an energy vector for the future, digitization and automation, and disruptive technologies.



## INNOVATION IMPACTING CLIMATE ACTIONS

### Green hydrogen

Green hydrogen is a strategic vector to decarbonize industries that are hard to electrify, such as fertilizers, chemicals, steel, and the transportation of heavy goods over long distances, by road, air, or sea. Hydrogen is obtained from electrolysis of water. Energy from renewable sources such as wind or solar is used to break down water molecules. This is a clean process as no CO<sub>2</sub> is generated. With R&D funds from ANEEL, Neoenergia has started to develop a project for local production of green energy using photovoltaic solar power to be used for electric mobility (vehicles). The company has signed memoranda of understanding with the governments of Pernambuco, Ceará, Rio Grande do Norte, and Rio Grande do Sul to develop this source of renewable energy.

### Digitization and automation

Digitization is one of three major trends driving the transformation of the energy system that acts as catalysts towards a sustainable model (the other two are decarbonization and electrification). The company is embracing technologies such as Artificial Intelligence (AI), the Internet of Things (IoT), cloud, and blockchain (advanced databases that enable data sharing) all of which may become components of renewable energy systems and help overcome challenges and develop smart grids. Digitization is part of Neoenergia's strategy to improve the quality of service it provides to 16 million customers, and is one of the power sector decarbonization pillars. To this end the company has invested in network automation, including some 16.5 remotely operated switches and reclosers, which enable implementing network self-healing solutions. The company has also advanced in new Smart Grid Automation Systems (SNA), which will automatically reconnect over 500,000 distributor customers. Another initiative is the Mobile Inspection and Commissioning System (MICS) to maintain its transmission assets. This tablet-based tool is handed out to field teams so they can register activities in real time, making the operation more agile.

### Drones

These devices are used, for example, to inspect the components of wind farms or high-voltage power lines. Specifically for transmission and distribution grids they are useful in emergencies and cut the power outage time following emergencies and extreme climate events.

### Big Data

Neoenergia develops big data technology added to solutions. One example is GODEL, the Neoenergia Network Observatory, a product of its R&D program. Godel Losses is a pillar of this technology. Comprised of smart sensors installed in the networks, this app can calculate losses and run analytics. This innovation is part of Neoenergia's intellectual property, with registered patents and software that are now widely used in the electric power sector. There are over 10,000 sensors installed on Neoenergia networks, and another 9,900 in use by other distributors in Brazil. GODEL Analytics – an app that displays a map of losses, and is able to analyze large volumes of data and check losses by feeder section and piece of equipment, thus enabling smart and accurate planning. Fewer losses also mean less GHG emitted by the national electricity system.

*Further information on the company's strategy and innovation projects are available in section [3.2.1 R&D, Innovation, and Digital Transformation Projects](#).*

### 1.3.3.4 Alliances, partnerships, and collaborations

Consistent with its strategy, Neoenergia supports ambitious approaches to the climate policy framework and the definition of plans and goals. The company uses alliances, statements, and commitments to publicly support decarbonization of the economy as a core element for green recovery, bringing climate goals in line with a path towards robust and sustainable economic growth. Furthermore, all agents must be aligned and committed to fighting climate change, which includes developing awareness in society at large.

Neoenergia is a member of the Business for Climate initiative of the Brazilian Business Council for Sustainable Development (CEBDS), pledging to reduce greenhouse gas (GHG) emissions, define internal carbon pricing, decarbonize its operations and value chains, and invest in green technologies. It is also an active member of the CEBDS Energy and Climate Change, and Biodiversity and Biotechnology theme-based committees. The last of these is also related to the climate change agenda by valuing standing forests and fighting illegal deforestation.

Neoenergia is also a member of the Energy Compact, a UN initiative, and has set targets for carbon neutralization and universal access to clean and affordable electricity in Brazil.





It has been a member of the UN Global Compact since 2007; Solange Ribeiro, Neoenergia's VP for Regulations, Institutional Relations, and Sustainability is the deputy chair of this initiative. The company is committed to implementing the Ten Principles of the Global Compact in human and labor rights, the environment, and anti-corruption activities. It is also committed to promoting the 2030 agenda, helping fulfill and disseminate the Sustainable Development Goals (SDGs).

### 1.3.3.5 A fair and inclusive transition

The transition to a decarbonized model will involve structural changes with a major impact on certain regions, areas and interest groups. To leave no one behind, Neoenergia is fostering a just and inclusive sustainable transition, which shares value with society and is aligned around the Paris Agreement goals.

#### Awareness raising

On-site and off-site initiatives aim to generate knowledge and mobilise interest groups around climate change.

#### CLIMATE CHANGE AWARENESS RAISING INITIATIVES

On-site initiatives	Off-site initiatives
<ul style="list-style-type: none"> <li>▪ Sustainability Week, with a panel addressing Climate Action and the Carbon Market</li> <li>▪ Courses on Iberdrola's global platform</li> <li>▪ Workshops and training around climate change projects coordinated by the Innovation, Sustainability and Climate Change function in partnership with business and corporate areas</li> </ul>	<ul style="list-style-type: none"> <li>▪ Educational projects on energy efficiency, focused on the efficient use of electricity</li> <li>▪ Neoenergia Institute's projects in the Biodiversity and Climate Change pillar</li> <li>▪ Social rate for low-income families</li> <li>▪ Our Vice President for Regulations, Institutional Relations, and Sustainability attending events supporting the energy transition and climate action.</li> </ul>

An important internal initiative was Sustainability Week, an event held in a metaverse environment in August to level and disseminate knowledge on topics related to the energy transition, climate change and ESG agenda. In addition to the knowledge journey around the company's best practices, dialog meetings with experts on decarbonization, social responsibility, governance, green financing and other topics comprising Neoenergia's ESG goals also took place. Suzana Khan, Deputy Dean and Professor at Coppe/UFRJ, was the guest speaker on the Climate Action and Carbon Market panel, in a session moderated by Solange Ribeiro, Neoenergia's Vice President of Regulations, Institutional Relations and Sustainability, which also featured Marina Grossi, President of CEBDS and a Neoenergia board member.

Externally, the educational projects on energy efficiency, which address the efficient and safe use of energy while explaining the relationship with climate change, took place. The topic is also one of the guiding pillars of Neoenergia Institute, through the Coralizar and Flyways biodiversity conservation projects to contribute to the fight against climate change, and the Green Impact, which provides training for Civil Society Organizations (CSOs) on environmental issues (these projects are presented in sections [3.3.5 - Neoenergia Institute](#) and [3.3.1.3 - Energy Efficiency](#)).

A just energy transition process needs to incentivize clean and sustainable energy generation, while also ensuring universal and affordable access to it for all, as defined by SDG 7, which is a priority for us. Through Electricity Social Rates providing a discount on the electricity bill offered to low-income families, Neoenergia has been fostering access to energy (see [3.3.1.2 - Access for vulnerable customers](#)).



## 1.3.4 Managing climate risks and opportunities

GRI 3-3\_201, 201-2 | SDG 13.1 | PG 7

### Risks

Climate change is creating a wide range of risks that, for the most part, are not new to Neoenergia. These are addressed in and monitored under Neoenergia's General Corporate Risk Management Policy, which was approved by the Board of Directors in 2017 and revised in March 2022.

Climate change is likely to exacerbate the risks the company already manages, increasing the sensitivity of its assets to the relevant climate events. Technological and geographic diversification supports adaptation to and mitigation of physical risks affecting Neoenergia—the company has assets spread across Brazil and a diverse range of generation, transmission and distribution businesses. The frequency of extreme or acute weather events is expected to increase in the coming years. In managing climate risks, the company has developed innovative methodologies in collaboration with external partners—including the Climate Center at the Federal University of Rio de Janeiro (UFRJ), WayCarbon and Sitawi

To improve its approach to assessing physical climate risks to its assets, in 2019 and 2020 Neoenergia worked with the Coppe Climate Center at the Federal University of Rio de Janeiro (UFRJ) to develop a methodology for assessing physical climate risks affecting Termopernambuco, a combined cycle natural gas turbine power plant. The methodology is based on the analytical framework developed by the Intergovernmental Panel on Climate Change (IPCC), georeferenced projections based on models and scenarios (RCP 8.5) and the guidelines of ISO 14090 (Adaptation to Climate Change) and ISO 31000 (Risk Management). An analytical framework was developed considering the dimensions of climate threats, sensitivity and adaptive measures to evaluate the degree of the thermoelectric plant 's exposure to physical risks such as rising temperatures and sea levels, rainfall variation, and others.

In 2021, the Innovation, Sustainability and Climate Change function coordinated a project, with the support of business and corporate, aimed at tailoring the Coppe methodology for other assets in the group at the time (hydroelectric, transmission, distribution and wind generation facilities). This tailored solution was produced in a pilot project for each business group based on georeferenced climate projections for the pilot assets. Waycarbon supported the analysis of georeferenced climate threats.

Another partnership was then created with NINT in 2021-2022, which supported the scaling up to all group assets of the identification of expected future climate threats (temperature changes, rainfall levels, forest fires and floods, etc.) and further researched and analyzed the risks and opportunities posed by the energy transition to Neoenergia. Physical climate threat projections come from databases of the Brazilian Space Research Institute (Inpe), the World Bank platform (ThinkHazard), and the World Resources Institute's Aqueduct platform (WRI).

Partnership initiatives are coordinated by the Innovation, Sustainability and Climate Change function with the engagement of employees from business and corporate. Expertise about the scientific basis of global climate change is thereby internalized and supported by the expertise of key functions that deal with the impacts of climate change on day-to-day operations and asset maintenance.

Analyzing Neoenergia's vulnerability to the climate risk is an ongoing task, subject to continuous methodological enhancements and updates as global and regional climate projections are fine tuned by scientists. It is an organic and collective endeavour within the company. Recently, all the expertise and analyses conducted with the support of partnerships were revisited considering the European taxonomy guidelines and its evidence inserted in the online indicator management platform, Sygris.



Analysis of climate threats, equipment sensitivity and adaptive measures for all Neoenergia assets were intensified. A new partnership with Climatempo is underway to better understand the correlation between distribution grid outages caused by climate factors and how they will behave in the future, aiming to identify and preempt adaptive measures. In addition, Neoenergia maintains an R&D project for the development of a market forecasting methodology with a time horizon of up to 10 years for maximum temperature and thermal sensations to plan the energy operations of its five distribution companies.

Analyzing climate change risks is now part of the Investment Dossier, a document produced to inform the decision as to whether to continue a particular project. This is a way of internalizing expertise about global climate change right back to the project formulation stage, thereby minimizing economic losses. In this regard, new wind and solar farm projects must include a Climate Risk Dossier as part of the Investment Dossier.

The result of all this significant endeavor to analyze climate change risks and opportunities, based on TCFD methodology, has been transparently reported in the CDP Climate Notebook since 2020. The main risks presented are mandatory carbon pricing, hydrological risk and acute physical flood risk.

## Opportunities

Energy transition scenarios developed by the International Energy Agency (IEA) point to the need for a more rapid energy transition, driven by the electrification of transport and supported by better financial instruments and policies, more ambitious emission reduction goals, and above all greater electrification of energy consumption, improved infrastructure, greater efficiency, flexibility of the electricity system, and improved service quality. The growth vectors would leverage increased investment in renewables (with wind and solar predicted to account for 70% of generation capacity globally by the mid-century) and in transmission and distribution networks to accelerate the grid reinforcement and infrastructure improvement projects needed to ensure integration of the system and quality of supply.

Brazil is aligned with these global trends. The country's energy planning efforts support its goals and targets under the Paris Agreement, contributing to develop a cleaner matrix by further expanding future wind and solar capacity. Brazil's energy roadmap is targeting an 85% renewable electricity mix by 2030, with wind and solar accounting for 47% of capacity expansion over the ten-year period.

As a company focused on investments in decarbonization, decentralization and grid digitization, climate change presents a number of opportunities across Neoenergia's different businesses. In 2021 the company entered the large-scale solar generation segment while continuing to expand its onshore wind capacity, scouting for new offshore wind opportunities, and investing in grid digitization and electric mobility. Neoenergia has also signed memorandums of understanding (MOU) with the governments of Pernambuco, Ceará, Rio Grande do Norte and Rio Grande do Sul to develop green hydrogen.

Neoenergia reported the following climate opportunities in the CDP Climate Notebook: development and expansion of low-carbon products and services; access to new capital markets, such as sustainable financing and green bonds; and development of new products and services through innovation-centric R&D projects. Global climate change risks and opportunities are detailed in the next section.

Initiatives such as ramping up renewable generation and driving the decarbonization of the electricity sector, are more than capable of generating carbon credits. Internally, the Teles Pires Hydroelectric Plant has approved carbon credits under the Clean Development Mechanism (CDM), created by the Kyoto Protocol, since 2012. In 2022, it sold 2,989,398 million tons of carbon equivalent (tCO<sub>2</sub>e) kept in the ground. The contract was signed using the CDM, with credits denoting 9.5 million MWh generated in 2019 and 2020.



The deal was the largest ever made through the CDM's voluntary cancellation mechanism, first used in 2013. The previous record was held by said Teles Pires hydroelectric venture, with 2.3 million credits voluntarily canceled to offset emissions from the Prosperidade III gas-fired power plant in Brazil, considered the country's first carbon-neutral thermal power plant.

Through the MDL mechanism, the electricity output from the project generates credits (Certificates of Emission Reduction (CERs)). The company traded the credits generated between 2017, when the asset became operational, and 2020, with companies from Brazil, India and the Netherlands. The carbon credits were acquired through a voluntary emissions cancellation process, in line with the sustainability commitments of the business groups involved in the initiative.

Neoenergia tracks the updating, expanding and consolidating of the carbon market as a financial opportunity, both under the Global Climate Convention (Article 6 of the Paris Agreement), jurisdictional markets and voluntary markets.

### 1.3.4.1 Identification and assessment of climate risks and opportunities

Climate change risks must be strategically managed and Neoenergia's does precisely this, with its emphasis on fostering renewable energy and flexible and smart grids. The company invests in promoting renewable energy and climate action and has achieved a leading position in the domestic electricity sector, actively contributing to Brazilian and global decarbonization. Its investment decisions are based on energy transition forecasts and include an analysis of physical climate risks in the Investment Dossiers.

#### Energy transition trends

For business resilience and people's health, more and more importance is being attached to combating climate change, as well as environmental preservation and biodiversity conservation. Leading public- and private-sector organizations have proposed an approach to post-pandemic economic recovery that recognizes sustainability as an opportunity to transition to a new social and economic model that is carbon neutral, resilient, sustainable and inclusive. This vision, termed as a "green recovery", is one to which Neoenergia is fully committed. Disruptive trends are intensifying in the power sector as efforts to fight climate change gain momentum around the world. Our business strategy factors in the current context of the power sector and identified future trends, including:

**Decarbonization** – There is an urgent need to advance decarbonization, which will rely on the use of renewables at large-scale and massive investment in power grids. Innovation and technological progress will drive reductions in the cost of renewables. This, combined with increased digitization and efficiency, will also accelerate the electrification of the economy.

**Growing demand for electricity** - Widespread electrification will drive up global demand for electricity in the years ahead. The International Energy Agency's (IEA) World Energy Outlook 2022 estimates that this demand could be as much as 150% higher than today, depending on how things play out. This increase will be 75% in the Stated Policies Scenario, which plots a trajectory reflecting current policies. The increase is as high as 120% in the Stated Policies Scenario, in which all government targets are met on time and in full, and rises to 150% in the Net Zero Emissions scenario, which sets out an economic pathway for the world to reach net zero carbon emissions and stabilize global average temperature rises at 1.5°C.

**End-use electrification** - The share of electricity in total consumption is forecast to rise from 20% currently to just shy of 30% in 2030 and over 50% by 2050, according to the IEA report for the Net Zero Emissions scenario.



Progressive end-use electrification and demand for new services will empower customers, placing them at the center of the energy transition.

**Mass use of renewable resources** – End-use electrification will require 2.5-fold growth in renewable capacity to 7,000 GW by the end of the decade, according to the New Energy Outlook 2020 report from Bloomberg New Energy Finance (BNEF). Added renewables will be needed to replace existing thermal capacity and to meet the demand arising from new uses like transport, buildings, industry, etc. The transmission segment will also need to expand to transport the output from renewables, such as wind and solar.

## Benchmarks

In the World Energy Outlook 2022 (WEO-2022), the International Energy Agency compiled three core scenarios for the future, including the latest data on the energy market and costs, factoring in the impacts of the Russia-Ukraine war. Each scenario assumes growing demand for energy services, driven by powerful underlying economic and demographic forces. Each scenario is projected through 2050 and models a different set of responses to the current global energy crisis.

**Net Zero Emissions by 2050 (NZE) Scenario** - Plots a pathway to stabilize the global average temperature at 1.5°C above pre-industrial levels. It was fully updated, starting from a higher level of demand and emissions from fossil fuels than the version published in 2021, and requires more robust efforts to achieve this goal, but does so without relying on emissions reductions outside the energy sector. The scenario also meets the UN Sustainable Development Goals (SDGs) related to energy, achieving universal access to energy by 2030 and ensuring major improvements in air quality.

**Announced Pledges Scenario – APS** – Assumes that governments will fully and opportunely fulfill all climate-related commitments they have announced, including long-term net-zero emissions targets and promises established in their Nationally Determined Contributions (NDCs), as well as commitments in related areas such as energy access. This scenario is based on an analysis released at COP26 in Glasgow, which demonstrated that the combined implementation of all net-zero emissions pledges and the global methane pledge would lead to a temperature increase of about 1.8°C by 2100 (with a 50% probability). Additional efforts could result limit temperature rises to 1.7°C by 2100 (with a 50% probability).

**Stated Policies Scenario (STEPS)** - This scenario does not look at what governments affirm they will achieve, but rather at what they are actually doing to meet the goals and objectives they have set. The analysis evaluates relevant regulatory, market, infrastructure and financial constraints. Like APS, this scenario has not designed to achieve a specific outcome. Emissions do not reach net zero, and the increase in average temperatures is about 2.5°C by 2100 (with a 50% probability).

Understanding these transition scenarios is important and factored into in Iberdrola Group's investment decisions, covering all subsidiaries, and is constantly reviewed in terms of commercial impacts, energy generation and reinforcements for the modernization and strengthening of all the group's asset networks. The fight against climate change is the responsibility of the private sector, while also representing opportunities for creating business, employment and income. Neoenergia's commitment is to transition towards climate neutrality, aligned around the premises of the Net Zero 2050 emissions scenario.

## IMPACT ON THE BUSINESS

 Positive impact
  Not significant
  Negative impact

Business Type of impact	Stated Policies Scenario			Zero Emissions Scenario		
	Low	Medium	High	Low	Medium	High
 Commercial GWh						
 Generation MW/GWh						
 Networks Investment (R\$)						

The company believes that consistently disclosing enhanced financials related to climate change allows for a constructive and well-informed analysis of opportunities and risks related to its activities. Such impacts jointly analyzed above for Iberdrola Group translate into climate risks and opportunities reported in the CDP's Climate Change Questionnaire.

The reported climate risks are related to risk categories currently monitored by Corporate Risk Management (business risk, regulatory risk and environmental risk). The ongoing structuring of the ESG+F cross-cutting risk bolsters our monitoring of climate risk (see section 1.2.5.3 - Neoenergia Group's key risk factors).

With an eye on these climate risks, Neoenergia implements a set of management mechanisms to minimize future economic losses, protecting operations through its capacity for climate adaptation and resilience.

### MAIN CLIMATE RISKS AND OPPORTUNITIES ARISING

GRI 201-2 | ODS 13.1 | PG 7

#### RISKS

##### Mandatory carbon risk pricing

The company is monitoring the movement towards the creation of a mandatory carbon market in Brazil (Bill 528/21, Decree 11.075/2022, EPE's Public Consultation on the subject, among others), which may price Termopernambuco's emissions. The Internal Carbon Pricing (ICP) program estimated the impact on the thermal power plant's profitability, exploring different market designs (offset/compensation %, emissions threshold, free allocation, revenue recycling, carbon price).

#### OPPORTUNITIES

##### Development and expansion of low-carbon products and services

This allows the company to expand and consolidate existing sustainable businesses and new ones: expansion of onshore wind generation; large-scale solar generation, with the creation of the Luzia Solar Cluster in Paraiba; licensing of offshore wind farms; investment in electric mobility products; green hydrogen pilot plant; marketing of renewable Power Purchase Agreements (PPA) associated with Renewable Energy Certificates (REC); sale of carbon credits.





## RISKS

### Hydrological risk

The variability of weather conditions (temperature, rain, droughts) is a natural part of electric power generation and the hydrological issue poses a potential risk to the operation. In Brazil, market regulation is oriented towards mitigating the hydrological risk of individual power plants through the Energy Reallocation Mechanism - MRE.

In addition, there is a compensation factor - the Generation Scaling Factor (GSF). In 2021, when Brazil underwent its worst water crisis in 91 years, these two instruments, combined with energy purchase and sale operations by the trader and hydrological insurance, minimized the crisis' impacts on Neoenergia, as well as the geographic allocation of power plants across various drainage basins and the heterogeneity of the company's operations - distribution, transmission, wind and solar power assets.

### Acute physical flood risk

Extreme weather events, such as torrential downpours and floods, may require distribution companies' maintenance and operating staff to inspect certain grid assets more frequently than at the moment. Climate risk vulnerability analyses with adaptation action plans minimize the risk of a severe increase in operating and maintenance costs that could lead to a mismatch between business revenues and expenses.

## OPPORTUNITIES

### New product and service development

R&D and innovation projects are important for predicting trends and developing products that become a required part of the decarbonization and digitalization process, positioning the company ahead of the sector. Tested on a pilot scale, these projects can gain commercial scale, constituting new business fronts.

Today, Neoenergia invests in electric mobility, through R&D for the development of the largest green corridor in the Northeast; in a green hydrogen pilot plant; in digital modernization projects and in energy storage using lithium-ion batteries, to name but a few examples. A more complete list can be seen in section 3.2.1. Projects de P&D, digital innovation and transformation.

### Access to new capital markets

Neoenergia was the first company in the Brazilian electricity sector to issue green bonds in 2019. It also pioneered in issuing bonds backed by a green financing protocol, the Green Finance Framework. The company is improving its access to green bonds and sustainable financing, serving as an important driver to expedite its investments towards decarbonization, decentralization and digitalization of the Brazilian electricity system. See section 5.1.2. for further information. ESG Finances.

## Risk management and resilience mechanisms

The main risk management mechanisms and mitigating actions are as follows:

- Integrating climate change as a key element of management and corporate governance;
- Climate change risks affect normal business variables and, consequently, variables that are already managed (to a greater or lesser extent) in normal business operations, such as equipment performance, quality levels, emergency plans and recovery plans, which have management processes that already contribute to climate resilience;
- Insurance coverage;
- Asset diversification (different geographies, technologies, lifespan, etc.);
- Neoenergia's early transformation of the business model to adapt to climate change has allowed us to minimize transition risks and leverage associated opportunities;
- The project and specifications of the new equipment consider more severe climate scenarios, and technological improvements will allow for greater economic value to be extracted from the implemented changes;
- A proactive mindset in collaborating with third parties, participating in the dialog around climate adaptation and the energy transition, as well as collaborating with other sector agents and in processes of extracting knowledge from climate science, as a key action to advance profitably when developing operational resilience;
- Continuous innovation as a strategic action of the group;
- Climate change is factored into decision-making for new investments.



### 1.3.5 Disclosures and metrics

Monitoring a series of indicators on climate change and the energy transition allows Neoenergia to outline a climate strategy towards decarbonizing its portfolio and production processes and ensure its resilience in various analyzed scenarios. The disclosures that support the development of low-emission products, services, and/or technology include: emissions intensity (monitored annually by the greenhouse gas emissions inventory and quarterly in internal processes), energy use, energy intensity, energy mix, installed renewable power, origin and use of water, research and development + innovation projects, as well as capital investments (CAPEX).

As part of its ESG commitments, Neoenergia has set itself the following targets: i) to reduce the generation emissions intensity to 20 grams of CO<sub>2</sub>e per kWh by 2030 (it was 61 grams in 2021); ii) to increase the percentage of electric vehicles in its light vehicle fleet from 5% to 50% by 2030; iii) to digitalize 90% of its high and medium-voltage grids, up from 72% in 2021; iv) to ensure its supply chain complies with Neoenergia's sustainable procurement criteria, which include indicators related to combating climate change. The goal is to have 83% of suppliers sustainable by 2025, rising to 90% by 2030. All of Neoenergia's ESG commitments, including other environmental, social and governance-related ones, are detailed in section [1.4.1 – ESG+F Commitments](#) – and are available on the corporate website.

Neoenergia understands the need to internalize the scientific method as the premises and baseline for its environmental goals. In 2021 it therefore participated in the Climate Ambition Accelerator Program, organized by the UN Global Compact Brazil Network, to establish climate goals based on the Science-Based Targets Initiative (SBTi). In 2022, the company intensified the setting of goals to continue discussions with senior leadership.

### 1.3.6 Other matters associated with energy transition

#### 1.3.6.1 Demand management

Demand management programs seek to promote the smart use of power grids to make their use by consumers more efficient and, consequently, reduce greenhouse gas emissions and contribute to the fight against climate change.

The core initiative is the Energy Efficiency Program (PEE), which brings together several projects aimed at promoting the conscientious, efficient and safe use of electricity among all customer classes, but with an emphasis on low-income residential consumers. The program includes the replacement of incandescent and fluorescent lightbulbs with LED lightbulbs, awareness-raising campaigns, and training for teachers and students *on energy waste reduction and efficiency, among other initiatives.*

*The program also includes the public sector and charitable institutions with the replacement of existing streetlights with LED alternatives, renovation of electrical installations and the installation of photovoltaic panels. Commercial and industrial customers have access to projects carried out by the Liberalized area, with initiatives to diagnose and propose measures to save and improve energy efficiency, such as the installation of photovoltaic solar energy, electric mobility, replacement of lighting and air conditioning with more efficient models and optimization of heating and cooling processes, among others. The projects are detailed in section [3.3.1.3 Energy efficiency.](#)*



## Smart grids

### SASB IF-EU-420a.2.

Investments in automation and digitization are a priority for the distributors and are aligned with their commitment to achieve 90% digitalization of high and medium-voltage grids by 2030. At the end of 2022, this proportion was 74.52%.

In recent years, the grid businesses have been working intensively to drive technical standardization and industrialization, seeking opportunities for process automation and additional operational and economic efficiencies.

The iNET 30 Project is a global Iberdrola initiative to make the Grids business more digital, efficient and resilient so it can achieve long-term objectives by 2030. To achieve this, it will be necessary to digitize the grids and optimize processes through automation and the use of artificial intelligence, preparing them for the energy transition. In Brazil, the Project has its own initiatives and programs. Designed to transform Neoenergia into a top-level distributor, iNET30 leverages digital network technologies and maximizes the value of grid data to improve all operational and customer-related processes. With a ten-year time frame, this project aspires to place Neoenergia at the forefront of grid digitization in the energy industry, with high standards in terms of service quality, customer satisfaction and operational efficiency. The project also includes automation, investments in telecommunications and greater and better data management.

## 1.3.6.2 Availability and reliability

### GRI EU10 | ODS 7.1

The Neoenergia companies do not have direct responsibility for the long-term production capacity planning processes of the electrical systems they operate, as this activity is centralized to the federal government. Government agencies conduct studies to predict the long-term requirements of the electric system, and the group's companies work as market agents, adopting investment decisions that fit into their business planning.

Investments in maintenance and automation ensure high uptime rates for power generators. The transmission systems also enjoy excellent uptime, exceeding the limit established by the National System Operator (ONS), of between 95% and 98%.

In distribution activities, the uptime and reliability of energy supply services undergo quality programs and grid digitalization. In the event of power outages - for example, during storms - self-healing systems restore the energy supply automatically. The affected area is isolated and most consumers have their energy restored in up to 60 seconds. The equipment is integrated with the Integrated Operations Center (COI), which receives the exact location of the failure, also speeding up the work of electricians if field repairs are needed. At the end of 2022, about 16,500 reclosers were installed, benefiting approximately 16 million customers at our five distributors.

### AVERAGE GENERATION AVAILABILITY (%) GRI EU30 | SDG 1.4, 7.1

	2022	2021	2020
Hydro	96.19	97.62	97.10
Wind <sup>1</sup>	97.53	66.15	98.30
Thermal – combined cycle	96.19	96.49	94.18

<sup>1</sup> In 2021, availability could not be measured for the Chafariz wind cluster as the relevant data has not yet been fully integrated into the control system. Because a value of 0 has been reported for the cluster, the availability value has been affected.

**TRANSMISSION AVAILABILITY (%)**

	2022	2021	2020
Afluente T	99.90	99.83	99.97
Narandiba <sup>1</sup>	99.95	99.98	99.97
Extremoz II <sup>1</sup>	99.95	99.98	100.00
Brumado II <sup>1</sup>	99.95	99.98	99.97
Potiguar Sul	99.91	99.98	99.93
Dourados	99.99	99.98	-
Santa Luzia	100.00	-	-
Jalapão	99.99	-	-
Atibaia	100.00	99.90	99.99
Biguaçu	99.97	99.92	100.00
Sobral	99.99	99.98	100.00

<sup>1</sup> Narandiba comprises 3 substations: Narandiba, Extremoz II and Brumado II.

**Fuels**

A key element in managing electricity service availability is the supply of fuels needed for the operation. Two thermal power plants run on fossil fuels: natural gas at Termopernambuco, with combined cycle technology (533 MW capacity); and diesel at Usina Tubarão, an islanded system that powers the island of Fernando de Noronha, with a low generation capacity (4.8 MW). Neoenergia maintains a gas supply contract with Petrobras and acquires diesel in the private sector.

In 2026 Termopernambuco will assume the role of topping up renewable sources in the National Interconnected Grid (SIN). It prevailed at the first capacity reserve auction held in December 2021. It will therefore only be called into service by the National Electric System Operator (ONS) as and when needed, to provide backup to the system. In the future it will have a lower output and therefore consume less natural gas, generating lower GHG emissions. At the auction, the plant's entire available capacity was sold, with supply beginning on July 01, 2026. The contract lasts 15 years.

Due to the specific issues presented by Fernando de Noronha, on account of the archipelago housing a biological reserve within an environmental protection area, there are challenges to harnessing renewable generation. However, Neoenergia is exploring alternatives for decarbonizing the island. In the past, it developed a project with the Massachusetts Institute of Technology (MIT), identifying sustainable alternatives for generation. A floating solar plant will be installed on the surface of the Xaréu Dam, located on land owned by Companhia Pernambucana de Saneamento (Compesa), the largest energy consumer on the island. It will allow us to reduce the archipelago's annual carbon emissions by 1,663 tons, covering more than 50% of the energy consumed by Compesa on site.

Noronha already has two onshore solar plants installed by Neoenergia. Empresa de Pesquisa Energética (EPE) recently conducted studies to identify alternatives for supplying the consumer market of Fernando de Noronha in the medium and long term, with a special focus on renewable sources.



## 1.4 Our ESG+F Proposal

In early 2021, Neoenergia reformulated its Governance and Sustainability System around ESG+F criteria.

In 2022, it then proceeded to define and disclose the goals to be achieved in 2025 and 2030, previously approved by the Board of Directors. These targets are based on topics considered material for sustainable management and the company's commitment to the SDGs. These targets have been set as part of the company's commitment to providing transparency on meaningful and measurable objectives that represent the company's priorities in terms of its contribution to sustainable development.

Delivering our ESG+F strategy revolves around three pillars that, together with financial strength, reinforce the integration of these topics into the company's strategy and business model:

- Environmental performance, combating climate change and preserving and recovering biodiversity through environmental policies;
- Social commitment, which appears in social policies;
- Corporate governance standards and policies consistent with international best practices.

The company's initiatives are informed by its General Sustainable Development Policy, which outlines the foundational principles guiding its sustainability strategy.

This ensures that all corporate and business activities are committed to and effectively work to create sustainable value for all stakeholders (customers, shareholders, employees, contractors, suppliers, regulators, governments and the communities affected by the business), equitably compensating all groups that contribute to the success of the company's business enterprise. In addition, the disclosure of ESG + F commitments strengthens the communication and clarity of integrated practices in the company's day-to-day operations.

Neoenergia's ESG performance is consolidated in quarterly publications - results releases - and annual reports, such as the Annual Sustainability Report - ESG + F Statement, Integrated Report and Tax Transparency Report. The commitments made are monitored and audited internally.

### 1.4.1 ESG + F Commitments

Among the commitments made by Neoenergia are: reducing the carbon emissions intensity in its energy generation, increasing diversity in the company in terms of gender and race in leadership positions, increasing the number of female electricians, and having more than 85% of suppliers classified as sustainable, among others.



## PROGRESS TOWARD TARGETS FOR 2025 AND 2030



### ENVIRONMENTAL

	2021	2022	2025	2030
<b>GHG Emissions<sup>1</sup></b> Emissions from generation facilities (scope 1), in gCO <sub>2</sub> /kWh	61	1	36	20
<b>Fleet electrification</b> % of Neoenergia fleet vehicles that are electric	5	8	13	50
<b>Sustainable Finance</b> Annually review and update the company's green financing framework	ok	ok	ok	ok
<b>Grid digitization</b> % of HV (high-voltage) and LV (low-voltage) systems digitized	72	75	83	90



### SOCIAL

	2021	2022	2025	2030
<b>Women in significant positions<sup>2</sup></b> % women in significant positions	23	28	29	32
<b>Women in leadership positions<sup>2</sup></b> % women in leadership positions	26	29	30	35
<b>Women trained as electricians<sup>3</sup></b> % women trained at electrician schools	15	37	30	35
<b>Women in electrician positions</b> % women in electrician positions	4	6	9	12
<b>Racial diversity<sup>4</sup></b> % black and mixed-race individuals in leadership positions	Censo	30	20	25
<b>Contribution to the community<sup>5</sup></b> Corporate volunteering (number of people)	2.000	3.511	2.300	2.600
<b>Safety (ISO 45001)<sup>6</sup></b> % of direct employees based at sites certified to ISO 45001	38	48	40	42
<b>Safety<sup>7</sup></b> TRIR: Total Recordable Incident Rate - number of lost-time and no-lost-time injuries involving direct employees	0,44	0,26	<0,43	<0,39
<b>Training<sup>8</sup></b> Three-year average hours dedicated to training employees and professionals in the communities in which we operate	76	89	67	70
<b>Suppliers</b> % of significant suppliers classified as sustainable	72	75	>80	> 85



### GOVERNANCE

	2021	2022	2025	2030
<b>ESG-based variable remuneration</b> % of long term incentive variable remuneration linked to ESG	30	30	30	33
<b>Governance</b> Best practices in corporate governance	ok	ok	ok	ok





<sup>1</sup> **GHG Emissions:** In 2022, the atypical emission intensity observed was due to the fact that the Termopernambuco natural-gas plant was not called into service by the National System Operator (ONS) for commercial purposes. During the year, the use of gas and its associated emissions corresponded to internal machinery operation testing and maintenance activities.

<sup>2</sup> **Women in Important and Leadership Positions:** In 2022, Neoenergia reviewed its recruitment procedures to ensure the presence of female applicants in these processes. This initiative made it possible to prioritize the hiring of women for vacant positions and resulted in improved gender representation in important and leadership positions. The performance achieved in this process indicates the company's determination to meet these goals, which may be revised upwards in the near future.

<sup>3</sup> **Women trained as electricians:** Neoenergia's electrician training program became even more attractive in 2022 due to a wide-reaching insourcing process within the company. This fact, which led to expectations for possible future hires, led the number of women trained as electricians during the year to exceed the projected goals. Following the expected completion of the insourcing process and consequent reduction in demand for electricians, from 2023 the company will strive to maintain the attractiveness of the program for women based on the natural turnover of these positions. Neoenergia will therefore reevaluate the current metrics of this published goal so that its commitment to training women as electricians is maintained and supported.

<sup>4</sup> **Racial diversity:** In 2022, Neoenergia conducted its first racial census. The self-declaration survey found 30% of people in leadership positions were black, a rate higher than the targets set for 2025 and 2030. To continue fostering the representation of black people, the selection premises were adjusted to intentionally ensure the participation of black application for vacancies. The company will also reevaluate the current metrics of this published goal so that its commitment to diversity and inclusion is maintained and supported.

<sup>5</sup> **Giving back to the community:** After two years of strict social restrictions during the pandemic, in 2022 Neoenergia's Volunteering Program resumed its in-person activities with great interest from employees. Face-to-face initiatives of the Safe Community Program and the Parks and Beaches Cleaning Task Force, for example, exceeded engagement expectations and capitalized on a significant number of volunteers. This result signals a review of the metrics of this goal to ensure that its commitment to the community is maintained and encouraged.

<sup>6</sup> **Safety (ISO 45001):** In 2022, Neoenergia took the initiative to certify the Neoenergia Brasília and Transmission Operation and Maintenance companies in ISO 45.001, ahead of time. This measure saw the completion of the certification cycle of its subsidiaries and the fulfillment of the initially established goal. The goal related to this topic will therefore be reviewed and its metrics adjusted to ensure the improvement of the company's performance based on the degree of commitment achieved.

<sup>7</sup> **Safety TRIR:** Regarding safety, Neoenergia's positive safety numbers for its employees in 2022 were due to the massive engagement of leadership around the accident prevention service, along with other complementary and integrated initiatives. The rapid progress also reflects the lower exposure to risks attributed to the new employees participating in the ongoing insourcing process, who worked in straightforward training sessions and/or activities. Considering that the metrics established for this goal propose a significant challenge in relation to the sector's average, which in 2021 was 0.61 (without considering Neoenergia - source Abradee), the company remains committed to its efforts for continuous improvement and consolidating such results.

<sup>8</sup> **Training:** Between 2020 and 2022, the high level of operational insourcing and the growth of Neoenergia's operations (hiring more than 4,000 new employees) demanded a significant volume of per capita technical training to ensure the quality of the services provided. For the coming years, the expected completion of the insourcing will reduce the demand for training for turnover and recycling situations, and a review of this goal's metrics should therefore take place to ensure that the commitment to the training of employees and professionals in the communities in its geographies is maintained and encouraged.

## 1.4.2 Neoenergia's contribution to the SDGs

As a result of the continuing dialog with its stakeholders, and aware of the unquestionable economic, social and environmental impact of all its activities, Neoenergia has a sustainable development strategy aligned with the implementation of a business plan focused on the sustainable creation of value, primarily based on its Purpose and Values, and respect for human rights.

Thus, it promotes initiatives that contribute to bringing about a more just, equal and healthy society, and, in particular, to achieving the Sustainable Development Goals (SDGs), notably those relating to affordable and clean energy (SDG 7) and climate action (SDG 13). The Company has adopted specific lines of action focused on universal access (SDG 7.1), increasing renewable energy (SDG 7.2) and developing measures to improve energy efficiency (SDG 7.3) using tools such as fostering innovation (SDG 9), education (SDG 4), protection of biodiversity (SDG 15), gender equality (SDG 5) in particular, and reduced inequalities (SDG 10) in general, which essentially entails protecting disadvantaged groups.

Neoenergia has linked its business and sustainability strategy to the SDGs since they were set, and in 2018 it approved an update of its Corporate Governance System, which was mainly intended to formalize the group's commitment to the SDGs, underscoring the group's contribution to achieving them with the social dividend generated through its business activity.



In February 2021 Neoenergia reformulated its governance and sustainability system structuring it around ESG+F standards aligned with its sustainable development strategy and its social dividend. The SDGs thus inspired or are included as a fundamental element in the following areas:

- Bylaws
- Purpose, Values and Code of Ethics
- Environmental Policies
- Social Commitment Policies
- Policies and rules relating to Corporate Governance

The General Sustainable Development Policy introduces the principles governing the various corporate policies relating to sustainable development. Section [1.2.3 Policies and Commitments](#) describes the content and focus of these policies.

The company's commitment to contribute to the SDGs is supervised by its governance bodies. The Sustainable Development Committee of the Board (the composition and duties of which are described in section [4.1 Corporate Governance](#)), is vested with the power to, among other things, monitor the group's contribution to the achievement of the SDGs.

Given the cross-cutting nature of the SDGs, Neoenergia actively participates as a member of Iberdrola's Global Advisory Committee on the SDGs, a multi-stakeholder team that meets at the end of each quarter to review group companies' initiatives and assess alignment with SDGs, as well as proposing and orchestrating new challenges and initiatives supporting set goals.

### 1.4.3 Our main focus: SDG 7 and 13

Neoenergia focuses its efforts on the SDGs where its contribution is most significant: the supply of affordable and non-polluting energy (Goal 7) and climate action (Goal 13). This commitment forms part of its governance model and of the sustainable management of the company, and is formalized in objectives tied to the remuneration of the management team.

SDG 7 - Targets	Neoenergia Initiatives
7.1 Ensure universal access to affordable, reliable and modern energy services.	<ul style="list-style-type: none"> <li>▪ 174,050 customers benefited by the Company's Energy Efficiency Program</li> <li>▪ 18,256 new connections within the Light for All Program</li> <li>▪ 3,700,561 customers registered for Social Rates</li> <li>▪ Electricity safety campaigns</li> <li>▪ R\$ 5.4 billion invested in quality of service</li> <li>▪ Power supply availability and reliability</li> </ul>
7.2 Increase substantially the share of renewable energy in the global energy mix.	<ul style="list-style-type: none"> <li>▪ 4,568 MW in renewable generation capacity</li> <li>▪ R\$ 1.7 billion invested in renewables</li> <li>▪ A growing generation portfolio, with new wind and solar farms under development</li> <li>▪ Green hydrogen and offshore wind projects under development</li> </ul>



<p>7.3 Double the global rate of improvement in energy efficiency.</p>	<ul style="list-style-type: none"> <li>▪ R\$ 124.2 million invested in energy efficiency and 60,130 MWh/year in electricity savings</li> <li>▪ Neoenergia Institute Cultural Lighting Program</li> </ul>
<p>7.a Enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.</p>	<ul style="list-style-type: none"> <li>▪ R\$ 164.3 million invested in R&amp;D and innovation.</li> </ul>
<p>7.b Expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programs of support.</p>	<ul style="list-style-type: none"> <li>▪ - R\$ 1,736 million invested in renewable generation</li> <li>▪ Research &amp; development and innovation (P&amp;D+I) projects</li> </ul>

SDG 13 – Targets	Neoenergia Initiatives
<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p>	<ul style="list-style-type: none"> <li>▪ Committed to reduce generation emissions to 20 gCO<sub>2</sub>/kWh generated by 2030</li> <li>▪ Committed to electrify 50% of the company fleet by 2030</li> <li>▪ Green Corridor between Salvador and Natal</li> <li>▪ Climate adaptation program at Termopernambuco</li> <li>▪ Neoenergia Institute's <i>Coralizar</i> program</li> </ul>
<p>13.2 Integrate climate change measures into national policies, strategies and planning.</p>	<ul style="list-style-type: none"> <li>▪ Factoring climate risks into investment decisions</li> <li>▪ Carbon pricing project</li> </ul>
<p>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	<ul style="list-style-type: none"> <li>▪ Education initiatives on responsible and safe consumption of electricity</li> <li>▪ Neoenergia Institute's <i>Coralizar</i>, <i>Flyways</i> and <i>Impacto Verde</i> ("Green Impact") programs</li> </ul>
<p>13.b Promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing States, including focusing on women, youth and local and marginalized communities.</p>	<ul style="list-style-type: none"> <li>▪ Neoenergia Institute's <i>Flyways</i> program</li> </ul>

## Direct contribution

SDG 6 – Targets	Neoenergia Initiatives
<p>6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.</p>	<ul style="list-style-type: none"> <li>▪ Neoenergia Institute programs such as <i>Territórios Saudáveis</i> ("Healthy Communities")</li> </ul>
<p>6.3 Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p>	<ul style="list-style-type: none"> <li>▪ Water management, consumption and discharge activities at Termopernambuco</li> <li>▪ Sustainable building certification for the Olinda (PE) Substation (UTD)</li> </ul>
<p>6.4 Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.</p>	<ul style="list-style-type: none"> <li>▪ Water management and savings programs covering all Neoenergia sites</li> </ul>



6.6 Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.

- Headwater rehabilitation programs in some municipalities surrounding the company's hydroelectric dams
- Areas preserved and restored by Neoenergia-operated hydroelectric dams in the Amazon, Atlantic Forest and Cerrado biomes
- Neoenergia Institute programs such as Flyways and *Impactô Verde* ("Green Impact")

6.b Support and strengthen the participation of local communities in improving water and sanitation management.

- Neoenergia Institute programs such as *Territórios Saudáveis* ("Healthy Communities")
- Water supply technology implemented in communities as part of the company's SER Program (Health, Education, and Income)

### SDG 9 – Targets

9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and cross-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

#### Neoenergia Initiatives

- R\$ 5.4 billion invested in expanding and improving distribution networks
- R\$ 2.6 billion invested in transmission projects
- 19,293 kilometers of new distribution lines

9.4. Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

- Investments in community infrastructure and services, including energy efficiency programs for public facilities and health care providers
- Smart solutions in Liberalized businesses
- Research and development projects focused on new technologies, including programs to improve product and service quality, reduce losses, develop smart systems, and improve value for money

9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per one million people and public and private research and development spending.

- R\$ 164.3 million invested in innovation, research and development projects

### SDG 15– Targets

15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.

#### Neoenergia Initiatives

- Baixo Iguaçu Hydroelectric Dam Biodiversity Corridor
- Reforestation in protected areas around hydroelectric reservoirs
- Partnership with SOS Mata Atlântica to plant trees as part of the *Florestas do Futuro* ("Future's Forests") program

15.2 Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

- Baixo Iguaçu Hydroelectric Dam Biodiversity Corridor
- Reforestation in protected areas around hydroelectric reservoirs
- Forest surveillance and monitoring program
- Partnership with SOS Mata Atlântica to plant trees as part of the *Florestas do Futuro* ("Future's Forests") program
- Iberdrola Global Trees Program, with a goal of planting 20 million trees by 2030

15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world.

- Baixo Iguaçu Hydroelectric Dam Biodiversity Corridor
- Reforestation in protected areas around hydroelectric reservoirs and erosion management programs
- Partnership with SOS Mata Atlântica to plant trees as part of the *Florestas do Futuro* ("Future's Forests") program



15.4 By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development.

- Neoenergia Institute biodiversity programs such as *Impactô Verde* ("Green Impact")

15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

- Caatinga restoration program
- Neoenergia Institute biodiversity programs such as *Flyways* and *Impactô Verde* ("Green Impact")

**SDG 17 - Targets**

**Neoenergia Initiatives**

17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.

- A Corporate Tax Policy that provides guidance on managing group tax practices in the interests of society and in a way that supports business strategy

17.3 Mobilize additional financial resources for developing countries from multiple sources.

- Tax management and payment

17.6 Enhance North-South, South-South and triangular regional and international cooperation on and access to science, technology and innovation and enhance knowledge sharing on mutually agreed terms, including through improved coordination among existing mechanisms, in particular at the United Nations level, and through a global technology facilitation mechanism.

- Membership of local and global associations, organizations and forums, including the UN Global Compact, the *Comunitas Juntos pelo Desenvolvimento Sustentável* ("Together for Sustainable Development") partnership, Instituto Ethos; and the Brazilian Business Council for Sustainable Development (CEBDS)

17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

- Neoenergia Volunteering Program
- Partnership with Transforma Brasil
- Donations via electricity invoices
- Energy Efficiency Program
- Programs run by Neoenergia Institute, including *Balcão de Ideias e Práticas Educativas* ("Education Ideas and Practices Exchange"), *Coralizar*, *Flyways*, *Impactô Verde* ("Green Impact"), *Resgatando a História* ("Recovering History"), *OCA*, *Transformando Energia em Cultura* ("Transforming Energy into Culture"), *Entre o Céu e a Favela* ("Between Heaven and the Favela"), Cultural Lighting Program, *Impactô Social* ("Social Impact"), the *Territórios pela Infância* ("Communities for Children") and *Territórios Saudáveis* ("Healthy Communities") Networks, *Mentes Brilhantes* ("Bright Minds") and *Educando Pelo Esporte* ("Education through Sports")

**Indirect contribution**

**SDG 1 - Targets**

**Neoenergia Initiatives**

1.1 Eradicate extreme poverty for all people everywhere, currently measured as people living on less than US\$ 1.25 a day.

- Tax management and payment
- Local development programs
- Low Income Social Rate

1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.

- Tax management and payment
- Neoenergia Institute programs such as the *Territórios pela Infância* ("Communities for Children") Network



1.4 Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

- Interest group participation in energy planning
- Light for All Program
- Electrical Efficiency Program

1.5 Build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.

- Climate change management
- Green Corridor, supporting electric mobility
- Distribution system digitization

1.a Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programs and policies to end poverty in all its dimensions.

- Neoenergia Institute projects and programs such as OCA, *Transformando Energia em Cultura* ("Transforming Energy into Culture"), *Entre o Céu e a Favela* ("Between Heaven and the Favela"), *Inspirar* ("Inspire"), *Iluminação Cultural* ("Cultural Lighting"), *Impacto Social* ("Social Impact"), and the *Territórios pela Infância* ("Communities for Children") and *Territórios Saudáveis* ("Healthy Communities") Networks

1.b Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions.

- Neoenergia Institute programs such as the *Territórios pela Infância* ("Communities for Children") and *Territórios Saudáveis* ("Healthy Communities") Networks

## SDG 2 - Targets

## Neoenergia Initiatives

2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.

- Instituto Neoenergia programs such as *Mentes Brilhantes* ("Bright Minds") and *Educando pelo Esporte* ("Education through Sports")

2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

- SER - Health, Education and Income

2.a Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries.

- Neoenergia Institute programs such as *Impacto Verde* ("Green Impact")

## SDG 3 - Targets

## Neoenergia Initiatives

3.2 End preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births.

- Health insurance for employees and their families

3.3 End the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases.

- Internal health awareness campaigns and health insurance for employees and their families

3.4 Reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

- Internal health awareness campaigns and health insurance for employees and their families





3.5 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol.

- In-company health campaigns

3.6 Halve the number of global deaths and injuries from road traffic accidents.

- Occupational safety campaign
- Hazard identification, risk assessment, and incident investigation

3.7 Ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programs.

- Health insurance for employees and their families
- Neoenergia Institute programs such as the *Territórios pela Infância* (“Communities for Children”) Network

3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

- Health insurance for employees and their families
- Vaccination campaigns
- Neoenergia Institute programs such as the *Territórios pela Infância* (“Communities for Children”) and *Territórios Saudáveis* (“Healthy Communities”) Networks

**SDG 4 – Targets**

**Neoenergia Initiatives**

4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.

- Neoenergia Institute programs such as the *Territórios pela Infância* (“Communities for Children”) Network

4.3 Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.

- Electrician School
- Scholarships and grants for employees

4.4 Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

- Electrician School
- Training programs providing an average of 90.28 hours of training per employee in 2022.
- Neoenergia Institute programs such as *Balcão de Ideias e Práticas Educativas* (“Education Ideas and Practices Exchange”), *Impactô Verde* (“Green Impact”), *OCA, Entre o Céu e a Favela* (“Between Heaven and the Favela”), *Caravana* (“Energy that Transforms Caravan”), Cultural Lighting and *Impactô Social* (“Social Impact”)
- The *Jovem Empreendedor Rural* (“Rural Youth Entrepreneurs”) project, as part of the *SER – Saúde, Educação e Renda* (“Health, Education, and Income”) program

4.5 Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.

- Neoenergia Institute programs such as *Entre o Céu e a Favela* (“Between Heaven and the Favela”) and *Impactô Social* (“Social Impact”)
- Employee training and education programs

4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture’s contribution to sustainable development.

- Instituto Neoenergia programs such as *Balcão de Ideias e Práticas Educativas* (“Education Ideas and Practices Exchange”), *Flyways*, *Transformando Energia em Cultura* (“Transforming Energy into Culture”), *Entre o Céu e a Favela* (“Between Heaven and the Favela”), *Caravana Energia que Transforma* (“Energy that Transforms Caravan”), Cultural Lighting Program, the *Territórios pela Infância* (“Communities for Children”) and *Territórios Saudáveis* (“Healthy Communities”) Networks, and *Educando Pelo Esporte* (“Education through Sports”)

4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all.

- Neoenergia Institute programs such as *Mentes Brilhantes* (“Bright Minds”)



4.c By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing States.

- Neoenergia Institute programs such as *Balcão de Ideias e Práticas Educativas* (“Education Ideas and Practices Exchange”) and Cultural Lighting Program

**SDG 5 – Targets**

**Neoenergia Initiatives**

5.1 End all forms of discrimination against all women and girls everywhere.

- Training and development programs
- Gender pay equity
- Neoenergia Institute programs such as *Educando pelo Esporte* (“Education through Sports”)

5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.

- Social assessments and audits on contractors
- Neoenergia Institute programs such as the *Territórios pela Infância* (“Communities for Children”) and *Territórios Saudáveis* (“Healthy Communities”) Networks

5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

- Commitment to expand the presence of women in leadership positions, in Electrician School spots, and among electrician crews by 2030
- Neoenergia Institute programs such as the *Inspirar Awards*

5.c Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.

- Neoenergia Institute programs such as the *Territórios pela Infância* (“Communities for Children”) and *Territórios Saudáveis* (“Healthy Communities”) Networks

**SDG 8 – Targets**

**Neoenergia Initiatives**

8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7% of gross domestic product growth per annum in the least developed countries.

- Commitment to provide social dividends and create value for all stakeholders

8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labor-intensive sectors.

- Investments in Modernizing assets
- R&D+I programs

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

- Electrician School
- Hiring people from local communities
- Neoenergia Institute programs such as OCA, *Transformando Energia em Cultura* (“Transforming Energy into Culture”), *Entre o Céu e a Favela* (“Between Heaven and the Favela”), *Caravana* (“Energy that Transforms Caravan”), *Inspirar* and Cultural Lighting

8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the Ten-Year Framework of Programs on Sustainable Consumption and Production, with developed countries taking the lead.

- Procurement practices in line with a commitment to expand the percentage of significant suppliers classified as sustainable to more than 85%

8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

- Commitment to diversity, supported by affinity groups
- Disability allowance for employees’ children
- Neoenergia Pernambuco’s *Novo Olhar* (“New Look”) program to hire employees with cognitive and intellectual disabilities
- Pay equality



8.6 Substantially reduce the proportion of youth not in employment, education or training.

- Internship program
- Neoenergia Institute programs such as *Entre o Céu e a Favela* (“Between Heaven and the Favela”), Cultural Lighting and *Impactô Social* (“Social Impact”)

8.7 Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms.

- Social assessments and audits on contractors

8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

- Collective bargaining agreements covering 100% of employees
- Hazard identification, risk assessment, and incident investigation
- Occupational health services

8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products.

- Neoenergia Institute programs such as *Coralizar*, *Flyways*, *Impactô Verde* (“Green Impact”), *Resgatando a História* (“Recovering History”) and Cultural Lighting Program

**SDG 10 - Targets**

10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

**Neoenergia Initiatives**

- Neoenergia Institute programs such as *Impactô Verde e Social* (“Green and Social Impact”) OCA, *Entre o Céu e a Favela* (“Between Heaven and the Favela”), *Inspirar Awards*, Cultural Lighting Program, and the *Territórios pela Infância* (“Communities for Children”) and *Territórios Saudáveis* (“Healthy Communities”) Networks
- Corporate Volunteering Program

**SDG 11 - Targets**

11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

**Neoenergia Initiatives**

- Neoenergia Institute programs such as *Transformando Energia em Cultura* (“Transforming Energy into Culture”), *Impactô Social* (“Social Impact”) and *Territórios Saudáveis* (“Healthy Communities”)

11.4 Address the need for bigger efforts to protect the world’s cultural and natural heritage

- Neoenergia Institute programs such as *Coralizar*, *Flyways*, *Impactô Verde* (“Green Impact”), *Transformando Energia em Cultura* (“Transforming Energy into Culture”), *Resgatando a História* (“Recovering History”) and Cultural Lighting Program

**SDG 12 - Targets**

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

**Neoenergia Initiatives**

- Neoenergia Institute programs such as OCA

12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

- Neoenergia Institute programs such as *Flyways*

12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.

- Neoenergia Institute programs such as *Coralizar* and *Flyways*

**SDG 16 - Targets**

16.1 Significantly reduce all forms of violence and related death rates everywhere.

**Neoenergia Initiatives**

- Human rights training for security personnel
- Social assessments and audits on contractors
- Neoenergia Institute programs such as the *Territórios pela Infância* (“Communities for Children”) and *Territórios Saudáveis* (“Healthy Communities”) Networks



16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children.

- Social assessments and audits on contractors
- Neoenergia Institute programs such as the *Territórios pela Infância* (“Communities for Children”) Network

16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all

- Values, standards and Code of Ethics
- Customer privacy
- Sustainable procurement practices

16.5 Substantially reduce corruption and bribery in all their forms.

- Values, standards and Code of Ethics
- Ethics Channel
- *Pró-Ética* Mark
- Membership of the global Alliance for Integrity and the Global Compact Network Brazil Anti-Corruption Platform

16.6 Develop effective, accountable and transparent institutions at all levels.

- Governance Practices
- Compliance System
- Neoenergia Institute programs such as *Balcão de Ideias e Práticas Educativas* (“Education Ideas and Practices Exchange”), *Impactô Verde* (“Green Impact”), *Impactô Social* (“Social Impact”) and *Territórios Saudáveis* (“Healthy Communities”)
- Membership of the Together for Sustainable Development Partnership

16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels.

- Governance Practices
- A safety management system with high levels of employee engagement
- Public community meetings to discuss power sector projects

16.a Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime.

- Neoenergia Institute programs such as *Territórios Saudáveis* (“Healthy Communities”)

16.b Promote and enforce non-discriminatory laws and policies for sustainable development.

- Code of Ethics
- Equal Opportunity and Reconciliation Policy



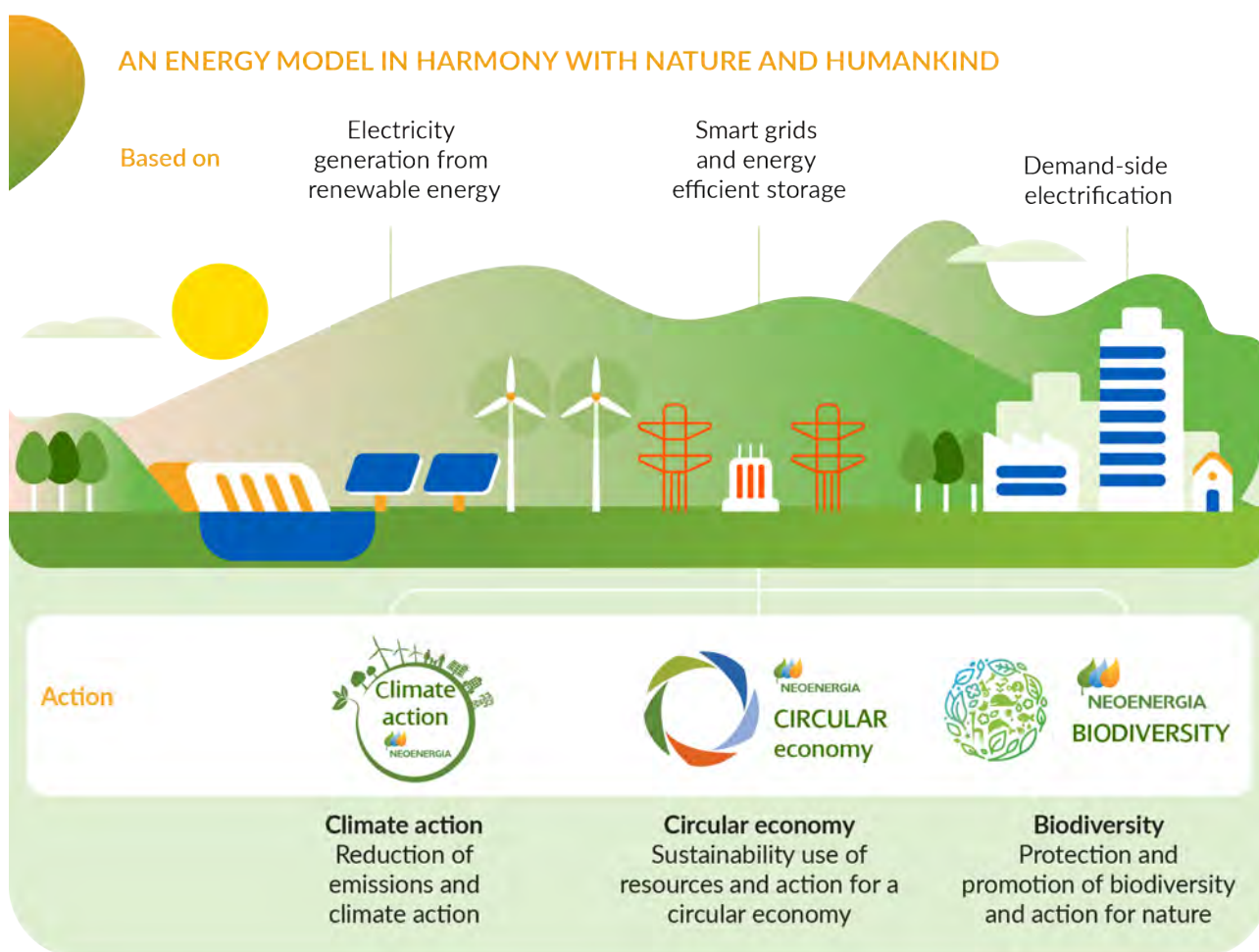
## 2.1 Fighting climate change and protecting biodiversity

### 2.1.1 Neoenergia and the natural world

#### 2.1.1.1 An energy model in harmony with nature and mankind

Neoenergia prioritizes the preservation of the planet and quality of life when determining its business strategy and model. In a world experiencing a growing global demand for energy, the company works to build a business model in harmony with nature and mankind and conducive with for sustainable development.

Economic and social development is strongly linked to the use of natural capital, understood as the pool of natural resources that produce value and generate a flow of goods and services. How Neoenergia uses these resources could affect not only their availability but also the integrity of ecosystems and biodiversity that also rely on them.



The group is therefore committed to continuing to spearhead a sustainable energy matrix, in which the lower GHG emissions, conservation, protection and promotion of biodiversity, as well as the sustainable and efficient use of resources, are embedded into all its activities and processes. Through a model that harnesses renewable energies for electricity generation, smart grids, efficient energy storage and the promotion of electrification as a driver for competitive and efficient decarbonization of the economy.





To ensure the success of its commitment to operating in harmony with the natural world, Neoenergia works on three fronts that jointly address its main impacts:

- **Climate Action:** establishes the strategy, work plans and objectives for reducing emissions and combating climate change.
- **Circular Economy:** we implement sustainable resource management practices, strive to extend the useful life of assets and seek to use less raw materials and create less waste.
- **Protection of Biodiversity:** this integrates biodiversity conservation into decision-making, minimizes negative impacts and establishes programs for impact recovery and offsetting.

The company is fully committed to this approach and periodically establishes and updates action plans associated with each work front, thus participating in the model adopted by its parent company.

## 2.1.2 Environmental management and governance

### 2.1.2.1 Environment and climate change policies

**GRI 3-3\_300, 2-23 | SDG 16.3**

The environmental policies are integrated in the sustainable development strategy and form the company's decisive response to the climate challenges, goals and targets, as well as preserving the environment and biodiversity, helping identify and leverage opportunities arising from the energy transition. These policies espouse Neoenergia's commitment to create comprehensive business value that takes into account and respects the natural capital on which its activity relies, helping to inform and mobilize stakeholders, including the communities in its geographies. Aligned with the goals of the Paris Agreement and the United Nations' 2030 Agenda for Sustainable Development, our environmental policies are as follows:

#### a. Sustainable Management Policy

Neoenergia invests in an energy model where its actions are aligned with a sustainable energy model and contribute to the achievement of the Sustainable Development Goals (SDGs). To achieve this, it bases its principles of action on the development of environmentally sustainable, competitive economic activities under a high-quality service that creates shared value, respects human rights and promote the use of clean and renewable electricity. The Sustainable Management Policy also establishes the necessary tools to reduce the environmental footprint of all its activities, lead the fight against climate change, take a leadership position in the conservation and protection of biodiversity, improve the circularity of its activity and that of its suppliers, promote the rational and sustainable use of water, and avoid or, when appropriate, mitigate the emissions of pollutants and their effects on human health and the environment.

#### b. Environmental Policy

The Environmental Policy establishes a framework for integrating the protection of nature and the environment into the group's strategy, investments and operations. It defines the fundamental principles of action, which involve respect for nature, biodiversity and historical-artistic heritage, sustainable use of natural capital, legal compliance, promotion of innovation and application of the mitigation hierarchy principle (avoid, minimize, repair, and ultimately compensate) in all activities. This environmental management tool applies the principles of precaution and continuous improvement, placing the environment at the heart of our decisions and in line with the Sustainable Development Goals (SDGs).



The policy also defines three priorities: climate action, circular economy and biodiversity protection. All of them are pillars to achieve a fully sustainable activity in harmony with the natural world.

### c. Biodiversity Policy

The Biodiversity Policy documents our commitment to combatting biodiversity loss and generating a positive net impact through our activities, which involves integrating biodiversity into strategic planning. It establishes four lines of action: i) protecting biodiversity and using natural capital sustainably; ii) identifying, quantifying and continuously assessing the impacts and dependence of the group's activities; iii) collaborating with stakeholders; iv) and valuing and raising awareness of the importance of biodiversity protection and conservation, through training, awareness-raising, and transparent internal and external messaging. The topic is detailed in section 2.4.1 Governance and Management of Biodiversity.

### d. Climate Action Policy

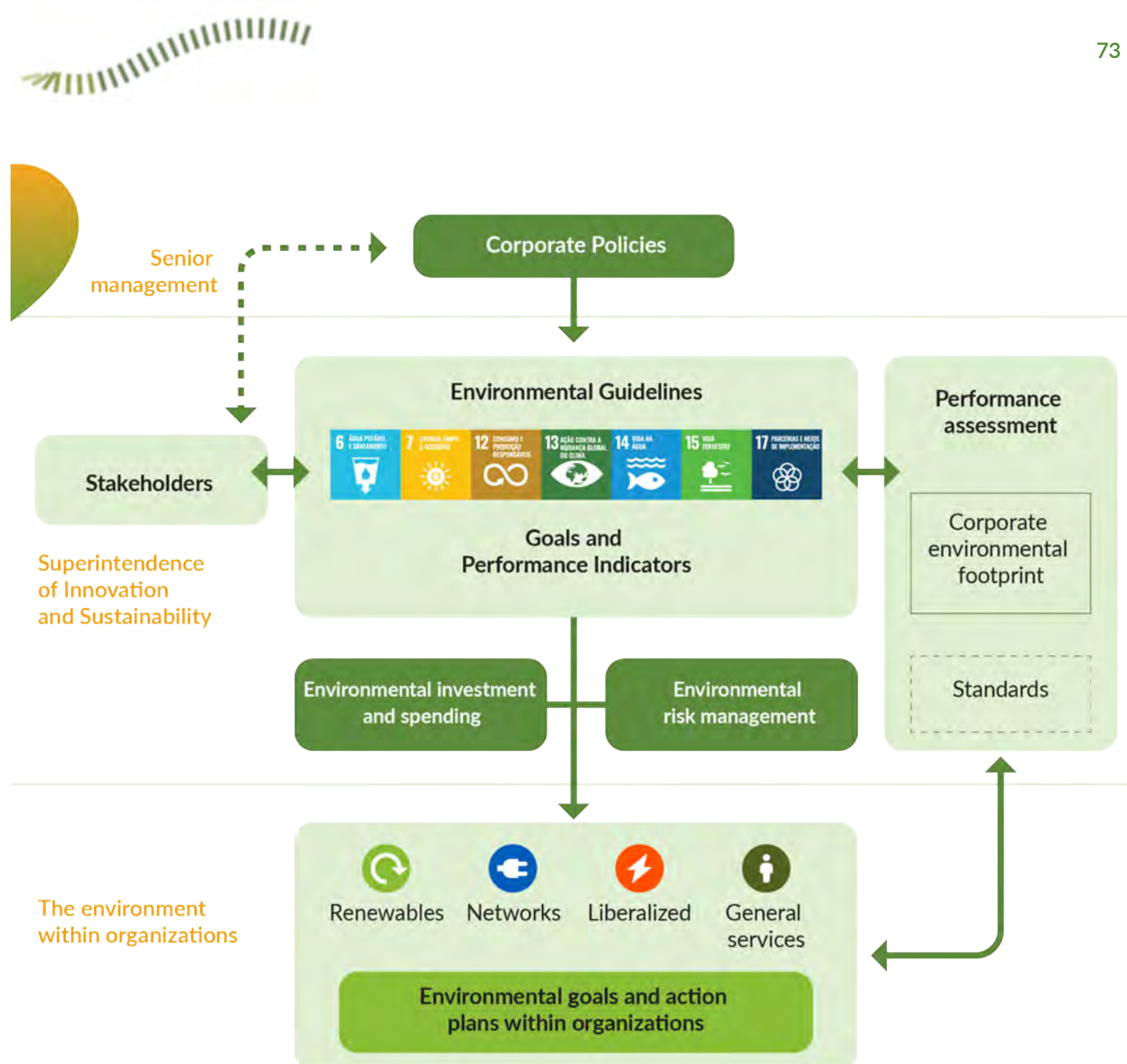
The Climate Action Policy establishes the framework for Neoenergia's business strategy and model, reinforcing its commitment to the fight against climate change. This policy commits the company to continue taking a leadership position (directly and through alliances) to promote awareness (impacts, challenges and benefits), contributing to a sustainable carbon-neutral future. More detailed information can be seen in section 1.3 Climate Action and 2.2 Reducing emissions and climate action.

## 2.1.2.2 Environmental Management System

These environmental policies underpin Neoenergia's Environmental Management System (EMS), which is based on the Iberdrola Group's global guidelines and forms a common environmental framework across Group companies but one that accommodates differences between businesses and regions. Another purpose of the EMS is to measure and evaluate environmental performance using a lifecycle approach. Through the EMS, these policies have been translated into the following core environmental guidelines:

- Protect the environment and contain the loss of biodiversity;
- Combat climate change and its effects;
- Guarantee sustainable modes of production and consumption;
- Strengthen alliances with stakeholders for sustainable development.

The EMS is based on ISO 14001 and enables the company to continuously improve its approach to managing resources and optimize environmental expenditure and investments.



### 2.1.2.3 Corporate Environmental Footprint

To gauge the group's environmental performance, Neoenergia calculates its Corporate Environmental

Footprint (CEF), published annually in the CEF of its majority shareholder Iberdrola. The CEF evaluates the effects of the company's activities on the environment, from a life cycle perspective (ISO/TS 14072:2014 standard). CEF's main objectives are:

- To quantify and unify performance in a single environmental indicator.
- To analyze the effect of its activities on different categories of environmental impact.
- To identify and evaluate the environmental issues of most relevance to Neoenergia's activities.
- To contribute to the monitoring of the organization's environmental performance and to enable traceability of business objectives and continuous environmental improvements.

Consistent with this line of work, through its parent the company took part in the European Rules Electricity Environmental Footprint (REEF) project, which developed the Environmental Footprint (EF) product rules for the electricity sector, and will make it possible to have common rules for calculating the industry's CEF.

For more information, see [Neoenergia's Environmental Footprint](#), published in June 2022.



## 2.1.2.4 Certifications

### GRI 2-23

The company's environmental management system is rooted in international procedures and standards that are audited by prestigious independent agencies.

Neoenergia currently holds the following certifications for the Grids, Renewables and Liberalized businesses: Neoenergia works to drive innovation and eco-efficiency and consistently reduce environmental impacts from its operations based on the precautionary principle, through which it implements measures to minimize environmental risks. The company applies the mitigation hierarchy (avoid, minimize, remedy, and as a last resort, offset) in all projects. In its environmental impact assessments (EIA), the company considers project siting alternatives to avoid locating new infrastructure in protected areas or areas with a high biodiversity value.

*All of Neoenergia's certifications can be seen in section 7.1. Appendix 1: Supplementary information.*



## 2.2 Reduction of emissions and climate action

### GRI 3-3\_305 | SASB IF-EU-110a.3

As part of its efforts on climate change, Neoenergia annually compiles and publishes greenhouse gas (GHG) emissions inventories that are assured by independent auditors. Neoenergia's inventory received Gold reporting status from the Brazilian GHG Protocol Program. Inventories are compiled in accordance with the Brazilian GHG Protocol Program guidelines and cover all corporate and operational activities, including operation and maintenance, across the entire power-sector value chain: Renewables (wind, hydro and solar), Liberalized (thermal power and energy trading) and Networks (Transmission & Distribution). The inventory is available for viewing on the Neoenergia website.

In 2022 our direct emissions (scope 1) were 105,872 tons of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e). The company has a climate target, approved by the Board of Directors, of reducing generation emissions intensity to 36 gCO<sub>2</sub>e/kWh in 2025 and 20 gCO<sub>2</sub>e/kWh in 2030, as part of its commitment to achieve climate neutrality before 2040. From 2017 to 2021, Neoenergia's emissions intensity declined from 128 gCO<sub>2</sub>e/kWh to 61 gCO<sub>2</sub>e/kWh. In 2022, the emissions intensity was 1 gCO<sub>2</sub>e/kWh, but this was an atypical situation due to the fact that its gas-fired power plant was not called into service by the National System Operator (ONS) for commercial purposes. Termopernambuco's use of gas and its associated emissions derive from internal machinery operation testing and maintenance activities. When the power plant resumes commercial activities, the intensity should return to a level similar to that of 2021, but on a downward trajectory aimed at meeting the group's ESG commitment.

Neoenergia group increased its installed generation capacity from 4,547 MW in 2021 to 5,100 MW in 2022, with this increase achieved solely from renewable energy sources, in support of its commitment to combat climate change and reduce its emissions intensity. All greenfield generation assets and installed capacity expansions are renewable.

90% of Neoenergia's installed capacity is currently renewable. Neoenergia's commitment to drive growth in renewable energy is reflected in the strong pace of construction of its new generation assets and the completion ahead of schedule of its Chafariz wind project.

*Neoenergia's climate strategy is detailed in section [1.3 Climate Action](#).*



## 2.2.1 Greenhouse gas (GHG) inventory

The inventory of direct and indirect emissions from all Neoenergia activities is assured by the Brazilian Technical Standards Association (ABNT) in accordance with NBR-ISO 14064-1:2018 and the Assurance Specifications of the Brazilian GHG Protocol Program.

See below the greenhouse gas emissions inventory with data available as of this reporting date.

### GREENHOUSE GAS EMISSIONS<sup>1</sup> (tCO<sub>2</sub>e)

[GRI 305-1, 305-2, 305-3](#) | [SDG 3.9, 12.4, 13.1,14.3, 15.2](#) | [PG7, PG8](#) | [SASB IF-EU-110a.1](#)

	2022	2021	2020
Scope 1: Direct emissions (tCO <sub>2</sub> e)	105,872	985,834	750,128
Scope 2: Indirect emissions (tCO <sub>2</sub> e)	239,689	641,731	490,242
Scope 3: Other indirect emissions (tCO <sub>2</sub> e)	1,401,721	2,380,006	1,313,031

<sup>1</sup> 2022 data is preliminary and will undergo auditing, scheduled for June 2023. The updated information will be available in our Greenhouse Gas (GHG) Inventory on our website. The Termopernambuco plant did not enter into operation in 2022 which resulted in a scope 1 emissions.

### 2.2.1.1 Direct greenhouse gas emissions - Scope 1 (as per GHG Protocol)

Direct emissions are emissions from GHG sources owned or controlled by the company. They include:

- Emissions from onsite facilities that generate electrical power (consumption of fuel)
- Emissions of methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) associated with fuel consumption
- Fugitive emissions of sulphur hexafluoride (SF<sub>6</sub>) in distribution networks
- Emissions from mobile combustion sources associated with road transport of employees with fleet vehicles for work purposes
- Fugitive emissions of coolant gases.
- Emissions from non-generation activities associated with land use changes: based on the volume of vegetation generated from tree trimming.

The emission factors used to calculate each of these emissions are obtained from official sources published annually by the Brazilian GHG Protocol Program.

The following two tables show the changes in Scope 1 emissions from electricity generation facilities and other facilities and operations (offices, vehicle fleets, etc.), which amounted to 19,337 tCO<sub>2</sub>e in 2022.

### EMISSIONS IN ENERGY GENERATION FACILITIES – SCOPE 1 (tCO<sub>2</sub>e)

[GRI 305-1](#) | [SDG 3.9, 13.1, 14.3,15.2](#) | [PG7, PG8](#) | [SASB IF-EU-110a.1](#)

	2022	2021	2020
Generating plants	19,337	921,137	699,722
<b>Total</b>	<b>19,337</b>	<b>921,137</b>	<b>699,722</b>

Stationary combustion emissions, from generation, accounted for approximately 18% of total scope 1 emissions in 2022, because the Termopernambuco plant did not enter into operation last year, as mentioned earlier.





**OTHER SCOPE 1 EMISSIONS (tCO<sub>2</sub>e)<sup>1</sup>**

**GRI 305-1 | SDG 3.9, 13.1, 14.3,15,2 | PG7, PG8 | SASB IF-EU-110a.1**

	2022	2021	2020	Source of the conversion factors
CH <sub>4</sub> and N <sub>2</sub> O emissions from combustion <sup>2</sup> (Non-renewable generating plants)	75	44	47	IPCC
SF <sub>6</sub> Fugitive Emissions (Electricity distribution)	3,759	6,731	7,444	IPCC
Emissions in buildings (Fuel consumption)	21,692	50	65	DEFRA: Brazil. EPA: Brazil. <sup>1</sup>
Emissions from mobile combustion (Fleet vehicles)	28,059	31,804	24,117	EPA: Brazil.
Other emissions (coolant gases)	32,951	26,028	18,733	IPCC
<b>Total</b>	<b>86,536</b>	<b>64,657</b>	<b>50,406</b>	

<sup>1</sup> 2022 data is preliminary and will undergo auditing, scheduled for June 2023. The updated information will be available in our Greenhouse Gas (GHG) Inventory on our website.

**2.2.1.2 Indirect greenhouse gas emissions - Scope 2 (As per Brazilian GHG Protocol)**

Indirect greenhouse gas emissions are those that come from external electricity generation consumed by the organization. These emissions are associated with:

- The consumption of electrical power during shutdowns of the thermal, renewable, wind plants and substations.
- electricity consumption in the group’s buildings.
- network losses during the distribution and transmission of electricity to third parties.

These emissions are calculated by applying the emission factor of Brazil's generation matrix as informed by the Ministry of Science, Technology & Innovation.

**SCOPE 2 EMISSIONS (tCO<sub>2</sub>e)<sup>1</sup>**

**GRI 305-2 | SDG 3.9, 13.1, 14.3,15,2 | PG7, PG8 | SASB IF-EU-110a.2**

	2022	2021	2020
Emissions associated with network losses	238,288	637,585	487,576
Emissions associated with consumption of electric energy during shutdowns	590	2,130	1,327
Emissions associated with the electricity consumption in buildings	812	2,016	1,339
<b>Total</b>	<b>239,690</b>	<b>641,731</b>	<b>490,242</b>

<sup>1</sup> 2022 data is preliminary and will undergo auditing, scheduled for June 2023. The updated information will be available in our Greenhouse Gas (GHG) Inventory on our website.

The amount of 238,288 tCO<sub>2</sub>e refers to the total of Neoenergia group. To avoid double counting, the portion of onsite generation from renewable sources is subtracted. When considering the electricity distribution companies in isolation, emissions associated with energy losses in the grid result in the value of 607,994 tCO<sub>2</sub>e.

In 2022, the Brazilian electricity mix had a much larger share of renewable energy compared to 2021, which is reflected in lower scope 2 emissions. The emission factor of the Brazilian electricity mix in 2022 was 0.042 tCO<sub>2</sub>e/MWh, while in 2021, with higher output from thermal sources, it was 0.1264 tCO<sub>2</sub>e/MWh.



### 2.2.1.3 Other indirect (Scope 3) GHG emissions – Scope 3 (Brazilian GHG Protocol Program)

Neoenergia has incorporated the life cycle perspective into its management model, which includes knowing the long-term impacts of the value chain. Scope 3 covers indirect emissions that result from the company's activities at sources not owned or controlled by it. They include:

- Emissions associated with the transport of employees for work purposes (Category 7)
- Emissions associated with the supply chain. (Category 1 and 2)
- Emissions associated with the transport of employees commuting from their residence to their workplace (Category 6 - Commuting)
- Emissions associated with electrical energy purchased from third parties for sale to end customers (Category 3, Activity D).
- Emissions arising from activities upstream of the fuels purchased and consumed (Category 3, Activity 1).

The emission factors used in calculating each of these emissions are obtained from official sources published annually by the Brazilian GHG Protocol Program.

In 2022 Scope 3 emissions were as follows:

#### SCOPE 3 EMISSIONS (tCO<sub>2</sub>e)<sup>1</sup>

GRI 305-3 | SDGs 3.9, 13.1, 14.3,15,2 | PG7, PG8

	2022	2021	2020
Emissions from employee business travel	1,398	541	1,015
Emissions associated with the supply chain	494,843	508,456	828,434
Emissions associated with employee commutes to/from the workplace	19,482	7,041	6,516
Emissions associated with the energy purchased from third parties for sale to end customers	879,543	1,653,886	354,926
Upstream (WTT) emissions from fuel acquired and consumed	6,455	210,082	122,140
<b>Total</b>	<b>1,401,721</b>	<b>2,344,107</b>	<b>1,313,031</b>

<sup>1</sup> 2022 data is preliminary and will undergo auditing, scheduled for June 2023. The updated information will be available in our Greenhouse Gas (GHG) Inventory on our website.

Scope 3 emissions contracted on 2022, mainly influenced by the lower emissions associated with energy purchased from third parties for sale to end customers, reflecting the greater proportion of renewable sources in the Brazilian energy matrix compared to 2021.

More information about scope 1, 2 and 3 emissions can be found in the GHG Inventory, audited annually based on NBR-ISO 14064-1:2018, available on [Neoenergia's Sustainability website](#).

### 2.2.1.4 Greenhouse gas emissions intensity

The intensity of GHG emissions is calculated based on direct emissions from the production facilities divided by the group's net output. The following table shows the intensity of generation emissions.

**GHG EMISSIONS INTENSITY GROWTH<sup>1</sup>**

GRI 305-4 | SDG 3.9, 13.1, 14.3,15,2 | PG7, PG8

	2022	2021	2020
Specific emissions (gCO <sub>2</sub> /kWh)	1	61	53

<sup>1</sup> 2022 data is preliminary and will undergo auditing, scheduled for June 2023. The updated information will be available in our Greenhouse Gas (GHG) Inventory on our website.

2022 emissions were atypical, as the Termopernambuco unit, which has the highest volume of GHG emissions in the group, was not called into service by the National Electric System Operator (ONS) for commercial purposes. The use of natural gas in 2022 at the plant and therefore its associated emissions originated from operation and maintenance activities at Termopernambuco and generation at the diesel-fueled UTE Tubarão in Fernando de Noronha.

**2.2.1.5 Reduction of GHG emissions**

GRI 305-5 | SDG 13.1, 14.3,15,2 | PG7, PG8

Initiatives to reduce emissions are undertaken through a broad range of products and services

promoting energy efficiency and savings. In 2022, actions to reduce emissions resulted in a total of 2,042,062 tCO<sub>2</sub>e remaining in the ground. The reduction of emissions through green products and services was responsible for avoiding the emission of 1,400,076 tCO<sub>2</sub>e, while reductions in emissions through distribution network efficiency avoided 4,868 tCO<sub>2</sub>e. Additionally, actions to promote the primary generation savings through renewable production avoided 637,118 tCO<sub>2</sub>e in 2022.



## 2.2.2 Other atmospheric emissions

GRI 305-7 | SDG 3.9, 12.4, 14.3,15,2 | PG7, PG8 | SASB I-EU-120a.1.

Emissions of sulphur dioxide (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>) and particulate matter are also created by burning fossil fuels. SO<sub>2</sub> and NO<sub>x</sub> emissions are only relevant at the Termopernambuco power plant. Our evolving generation profile means that these emissions are likely to be reduced as we incorporate renewable energy and are supported by modern thermal control technologies that operate on a combined gas and steam cycle, such as Termopernambuco.

### NO<sub>x</sub> EMISSIONS (t)

	2022	2021	2020
Generating plants	2	194	141
<b>Total</b>	<b>2</b>	<b>194</b>	<b>141</b>

### INTENSITY OF NO<sub>x</sub> EMISSIONS (kg/MWh)

	2022	2021	2020
Specific emissions	0	0	0

### SO<sub>2</sub> EMISSIONS (t)

	2022	2021	2020
Generating plants	0	10	4
<b>Total</b>	<b>0</b>	<b>10</b>	<b>4</b>

### INTENSITY OF SO<sub>2</sub> EMISSIONS (kg/MWh)

	2022	2021	2020
Specific emissions	0	0	0

The thermal power plant is located at Porto do Suape, which is within a radius of 49 kilometers of densely populated areas, including the city of Recife, the capital of Pernambuco. In this case, it can be considered that although they are insignificant, 100% of NO<sub>x</sub> and SO<sub>2</sub> emissions are located near densely populated areas.

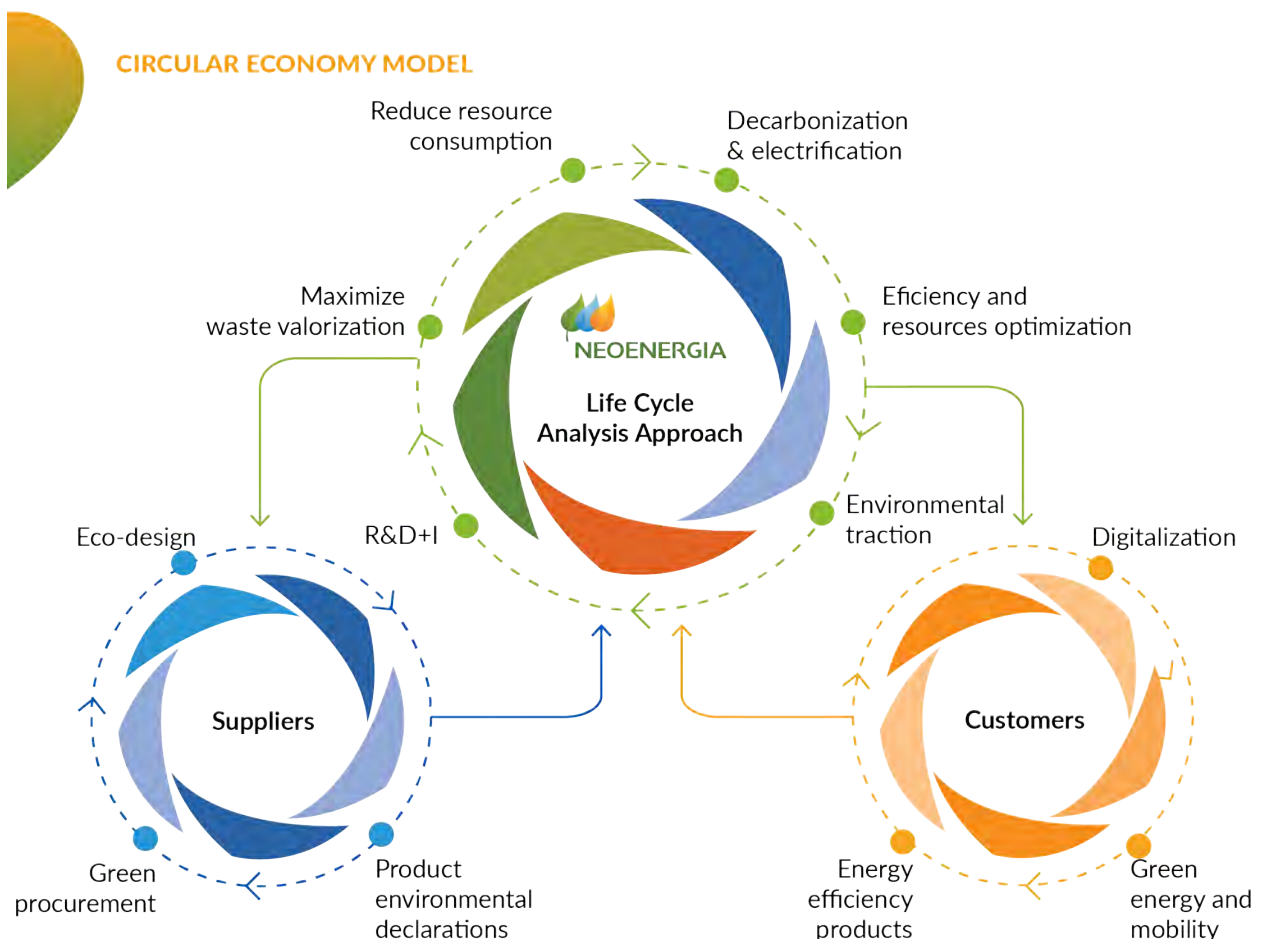
Particulate Matter (PM) emissions are defined as not applicable by current Conama 382/2006 legislation for gas-fired power plants.

## 2.3 Sustainable use of resources and the circular economy

### GRI 3-3\_306

For Neoenergia, the circular economy is a key element to achieve sustainable development and represents an opportunity as a driver for climate action and the energy transition. The company's sustainable energy model, committed to innovation, decarbonization and electrification of the economy, is directly aligned with the circular economy. This is achieved through reducing emissions and the consumption of raw materials, using renewable resources for energy production, improved efficiency, optimizing resources and maximizing waste reuse.

The challenges of sustainability cannot be approached in an isolated manner, but rather must be addressed holistically. In 2019, Neoenergia's majority shareholder Iberdrola accordingly defined its circular economy model, which includes the entire value chain from suppliers to customers, along with its operations. The approach is shown in the diagram below:



One of the group's core activities is the generation of electricity, where 90% of the company's total installed capacity stems from renewable sources. In its commitment to promoting the circular economy, Neoenergia continues to invest in more efficient technologies per unit of production and with the least environmental impact. This is reflected in its:

- Commitment to developing renewable energy, especially wind and photovoltaic solar sources;
- Selecting products with the lowest environmental impact;



- Managing and using materials sustainably while respecting the natural environment and taking necessary measures to reduce risks of affecting it;
- Commitment to technologies that improve water consumption efficiency;
- Solving waste recycling problems through innovation projects with suppliers and technology centers.
- The analysis from a life cycle perspective is performed through the Corporate Environmental Footprint Report of Iberdrola Group, which quantifies the impacts derived from the use of raw materials.

## 2.3.1 Consumption of materials

The main materials consumed by Neoenergia are fuels for generating electricity from thermal sources. Natural gas powers the generators at Termopernambuco, diesel is used at the Tubarão power plant, and diesel consumption refers to generators at other business units within the group.

### FUEL CONSUMPTION

GRI 301-1 | SDG 8.4, 12.2 | PG7, PG8

	2022	2021	2020
Diesel (m <sup>3</sup> )	17,571	6,686	5,354
Natural gas (Nm <sup>3</sup> )	3,560,598	595,090,663	449,273,911

In 2022, natural gas consumption significantly decreased because there was no generation at Termopernambuco for commercial purposes. Reported gas consumption derives from internal machinery operation testing and maintenance activities. In the case of diesel, the higher consumption is mainly due to the inclusion of consumption in the Transmission assets in 2022.

Apart from fuel, there is also consumption – to a much lower extent – of chemical products (in water purification, filtering of gases, etc.), oil and grease, etc.

## 2.3.2 Water efficiency

GRI 3-3\_303, 303-1, 303-2 | SDG 6.3, 6.4, 6A, 6B, 12.4 | PG7, PG8 | SASB IF-EU-140a.3.

Water is an essential and irreplaceable resource in many of Neoenergia's operations. The company recognizes its reliance on water and the business risks stemming from water shortages, and is committed to using water resources responsibly. The most significant initiatives within the company to enhance water stewardship include:

- Managing water withdrawal and consumption volumes across all technologies.
- Ensuring and managing legally required stream flows for all hydroelectric reservoirs.
- Continuously improving facilities to minimize water consumption and impacts.
- Carrying out employee awareness campaigns to improve water efficiency and responsible consumption in office settings.

The bulk of the company's water withdrawals are for power generation operations at Termopernambuco, a combined gas and steam thermal plant that accounts for 98.2% of the company's total water withdrawals.





Administrative activities represent 1.8% of total water withdrawals. The water cycle at Termopernambuco comprises the following stages:

**Withdrawal** – Freshwater withdrawals for plant processes and auxiliary/administrative services are made within limits on quantity and quality established in the contract with the Pernambuco State water utility. Seawater is withdrawn to cool the steam returning from the boilers after it passes through the steam turbines (condensers), and for cooling heat-containing effluents from plant equipment.

**Use** – Water is used in steam condensers and for cooling plant auxiliaries.

**Return to the environment** – The quality of discharged effluents is monitored and has been consistently within regulatory limits, with Neoenergia seeking to ensure that discharged water quality is even better than when it was withdrawn.

Ensuring compliance with the law and seeking methods to minimize the risk of spills applies to all Neoenergia operations, including power plants and transmission and distribution operations.

To avoid the risk of polluting discharges, with a possible negative impact, Neoenergia's operations have:

- Consolidated Environmental Management Systems (IMS), most certified to ISO 14001:2015. Any anomalies and incidents are managed, establishing plans to minimize spillage risks, by implementing predictive, preventive and corrective actions that ensure the proper condition of the water.
- Water consumption and discharges by the company's facilities in 2022 were within the limits indicated by the relevant comprehensive environmental permit for each facility, and no anomalies were detected that might materially affect the water resources or associated habitats.

## INCIDENTS OF NON-COMPLIANCE ASSOCIATED WITH WATER

SASB IF-EU-140a.2.

	2022	2021	2020
Total	0	0	0

In 2022, there were no reported incidents of non-compliance associated with water quantity or quality permits, standards, or regulations.

### 2.3.2.1 Withdrawal, discharge and consumption

The following table gives total water consumption, considered to be the difference between total water withdrawn and water discharged, with a breakdown of total water withdrawal by the group by source.

Neoenergia take steps to avoid waste and reduce water consumption, including: purchasing plumbing fixtures with flow reducers and installing rainwater harvesting systems in locations with water stress. These systems are designed to provide an alternative source of water supply, ensuring this increasingly scarce resource is used sustainably. Non-potable water requirements are met with alternative sources of supply, including rainwater harvesting systems, without the need for the same treatment as would be required for potable water.

All new office buildings within the Neoenergia group are required to have an installed capacity of 5,000 ML water/year depending on their roof area, the efficiency of water harvesting systems, and annual rainfall rates.



## WATER WITHDRAWAL, CONSUMPTION AND DISCHARGE<sup>1</sup>

GRI 303-3, 303-4, 303-5 | SDG 6.3, 6.4 | PG7, PG8 | SASB IF-EU-140a.1

	2022	2021	2020
<b>Water withdrawal by source (ML)</b>			
<b>Surface water (rivers, lakes, reservoirs, wetlands)</b>	<b>0</b>	<b>0</b>	<b>3</b>
Freshwater	0	0	3
Other water	0	0	0
<b>Seawater</b>	<b>39,820</b>	<b>243,391</b>	<b>238,518</b>
Freshwater	0	0	0
Other water	39,820	243,391	238,518
<b>Groundwater</b>	<b>0</b>	<b>0</b>	<b>9</b>
Freshwater	0	0	9
Other water	0	0	0
<b>Utility water</b>	<b>139</b>	<b>216</b>	<b>244</b>
Freshwater	139	216	244
Other water	0	0	0
<b>Total water withdrawal</b>	<b>39,958</b>	<b>243,607</b>	<b>238,773</b>
Freshwater	139	216	256
Other water	39,820	243,391	238,518
<b>Water discharge (ML)</b>			
Freshwater	0	0	0
Other water (seawater)	39,820	243,391	233,269
<b>Total</b>	<b>39,820</b>	<b>243,391</b>	<b>233,269</b>
<b>Water usage (ML)</b>			
<b>Total</b>	<b>139</b>	<b>216</b>	<b>5,504</b>
<b>Total Consumption/Withdrawal (%)</b>	<b>0</b>	<b>0</b>	<b>2</b>

<sup>1</sup> Water withdrawal and consumption in areas with water stress is negligible.

As classified by Aqueduct's Water Risk Atlas tool (since 2020 for generation assets), water for thermal power plant requirements is withdrawn in an area with low to medium risk. Of the total water withdrawn, 98.1% is seawater, which is unaffected by water stress. This water is used for cooling purposes at the Termopernambuco thermal power plant; in 2022, water withdrawals were reduced as the plant was not commercially operated but only run when required for maintenance activities. The remaining water was used for other auxiliary services at the power plant and for consumption in offices.

Also based on the Aqueduct tool, a single wind generation site is classified as high risk. However, this site consumed only 0.066 ML of water in 2022 for office use.

Water withdrawals are measured either directly (using flow meters) or using estimates based on water pump horsepower.

All water withdrawals by generation facilities are regulated by environmental laws and licenses establishing maximum allowable withdrawal volumes, ensuring there are no incidents of non-compliance associated with water quantity or quality permits, and that the water discharged from production and cooling processes meets minimum discharge standards.

The following table shows changes in water consumption, including consumption by generation and office facilities:

### CHANGES IN WATER CONSUMPTION

GRI 303-5 | SDG 6.4 | SASB IF-EU-140a.1

	2022	2021	2020
<b>Total water consumption (ML)</b>	<b>139</b>	<b>216</b>	<b>5,504</b>
<b>Water consumption /electricity generated</b>	<b>0.01</b>	<b>0.01</b>	<b>0.42</b>



In 2022, 99.9% of the water withdrawn by generation facilities was returned to the environment following its use either for cooling (condensers) steam from the boilers after its passage through the turbines, or for cooling heat-containing effluents from plant equipment.

Discharged water returns to the ocean after undergoing physical and chemical treatment. At discharge, the water parameters are such that they will not adversely affect the recipient water body, as required under the environmental license for the thermal power plant. Water discharge by treatment level was as follows:

#### WATER TREATMENT (ML)

	2022	2021	2020
Without treatment	0	0	0
Primary treatment	39,820	243,391	233,269
Secondary treatment	0	0	0
Tertiary treatment	0	0	0

### 2.3.2.2 Water cycle in hydroelectric generation

Water used for hydroelectric power generation is not considered to have been withdrawn, and is therefore analyzed separately. All Neoenergia hydroelectric dams are classified as run-of-river dams, without significant water impoundment. The following table shows the net amount of water used in hydroelectric power generation, defined as turbined water:

#### WATER USAGE IN HYDROPOWER PLANTS (ML)

	2022	2021	2020
Volume of turbined water	95,212,733	80,758,543	142,154,000
Increase in reservoir water	0	51,270	14,417



## 2.3.3 Efficiency in energy consumption

### GRI 3-3\_302

The Neoenergia group optimizes the use of energy throughout its entire value chain (production, transmission, distribution, marketing and end use), contemplating energy efficiency from a three-fold perspective:

- As an electricity generator and distributor, it seeks to improve efficiency by introducing the most advanced technologies, equipment and digitalization;
- As an energy consumer, Neoenergia promotes the ongoing improvement of energy efficiency across all its activities (offices and buildings, mobility, etc.);
- As an electricity supplier, the company informs, promotes and supplies comprehensive efficiency solutions aligned with the emission reduction strategy, thereby contributing to more efficient energy use by consumers, while encouraging the reduction of the environmental impact of their energy consumption habits.

### 2.3.3.1 Energy consumption within the organization

Energy consumption within the organization (internal consumption) includes energy consumption at all Neoenergia group facilities, buildings and offices, and is calculated as:

$$\text{Internal energy consumption (GJ)} = \text{Internal energy consumption (GJ)} + \text{Fuel consumption} + \text{Energy purchased} - \text{Energy sold (non-renewable)} - \text{Steam sold}$$

The fuel consumption figure in terms of energy (GJ), obtained by directly measuring the fuel used at each facility based on its lower heating value (LHV):

$$\text{Consumption (GJ)} = \text{Fuel consumption (kg)} \times \text{PCI} \left( \frac{\text{MJ}}{\text{kg}} \right) / 1000$$

The value of energy purchased or sold is obtained by direct measurement at the facilities, buildings and offices.

$$\text{Consumption (GJ)} = \sum \text{Consumption of buildings/facilities (MWh)} \times 3.6 \text{ GJ/MWh}$$

The following table shows changes in energy consumption within the organization over the previous year:

#### ENERGY CONSUMPTION WITHIN THE ORGANIZATION (GJ)

GRI 302-1 | SDG 7.2, 7.3, 8.4, 12.2, 13.1 | PG7, PG8 |

	2022	2021	2020
<b>Energy consumption by type of fuel</b>			
Natural gas	140,130	23,420,340	17,681,590
Diesel	851,484	402,354	519,534
Gasoline	20,409	25,139	41,820
Ethanol	129,812	119,505	51,654
<b>Total fuel</b>	<b>1,141,835</b>	<b>23,987,769</b>	<b>18,294,598</b>
<b>Purchased electricity</b>			
Standby and pumping	48,821	60,076	78,583
Buildings	67,163	57,567	157,165
<b>Non-renewable energy sold</b>	<b>53,078</b>	<b>11,594,277</b>	<b>19,230,192</b>
<b>Total energy consumption within the</b>	<b>1,204,741</b>	<b>12,513,912</b>	<b>18,530,452</b>



Energy consumption within the organization was a total of 1,204,741 GJ, 91% less than in 2021, reflecting the fact that the thermal power plant was not operated commercially in the year. The higher volume relates to diesel oil used to fuel the Tubarão thermal power plant in Fernando de Noronha, substation transformers and maintenance fleet vehicles, especially in distribution and transmission.

Historically, the organization's highest energy consumption has been natural gas used by the Termopernambuco power station, a combined gas and steam thermal plant. Due to an amendment to the contract for Termopernambuco, the power plant is now operated commercially only when there is insufficient renewable capacity available, and as a result it was not dispatched by the National Grid Operator (ONS) during the year. Consequently, natural gas was only required for turbine maintenance. The second-highest consumption within the organization is of fuel for the company's vehicle fleet.

### 2.3.3.2 Electricity losses

Electricity losses are measured as the 12-month ratio of injected electricity to invoiced electricity. As measured by this approach, total losses continued on a downward trend from 2021 across the company's five service areas. Neoenergia works continuously to reduce technical and non-technical losses in its transmission and distribution networks through point-of-supply inspections, increased first-level reviews, and other measures.

The following table shows changes in losses in distribution and transmission networks:

#### TRANSMISSION AND DISTRIBUTION NETWORK LOSSES (%)

GRI EU12 | SDG 7.3, 8.4, 12.2, 13.1, 14.3

	2022	2021	2020
Transmission	1.71	0.66	NA
Distribution	8.51	12.82	14.70

#### DISTRIBUTION LOSSES (%)

GRI EU12 | SDG 7.3, 8.4, 12.2, 13.1, 14.3

	Technical losses (%)			Non-technical losses (%)			Total losses (%)		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Neoenergia Coelba	10.61	10.63	10.59	4.01	4.14	6.63	14.63	14.77	17.22
Neoenergia Pernambuco	8.60	8.20	8.05	7.98	8.93	11.75	16.58	17.13	19.80
Neoenergia Elektro	5.98	5.95	5.73	0.60	0.83	2.35	6.57	6.78	8.08
Neoenergia Cosern	8.28	8.29	8.44	-0.17	1.39	2.86	8.12	9.78	11.29
Neoenergia Brasília <sup>1</sup>	8.22	7.48	NA	3.21	5.49	NA	11.42	12.98	NA

<sup>1</sup> Neoenergia took over the management of Neoenergia Brasília in March 2021.

All Neoenergia distribution companies have programs and projects to reduce losses. This has enabled the group to achieve loss reductions, recover energy back into the distribution system, and deliver the performance levels required under concession agreements.

Transmission losses have been computed since 2021 and represented 1.71% of the electricity transmitted by the group in 2022.



**TRANSMISSION LOSSES (%)**

GRI EU12 | SDG 7.3, 8.4, 12.2, 13.1, 14.3

	2022		2021	
	GWh	%	GWh	%
Afluyente T	108.73	1.75	66.7	1
Narandiba	71.24	2.17	2.43	0
Potiguar Sul	155.82	1.89	17	1
Dourados	31.60	0.98	18.34	1
Santa Luzia	50.65	1.69	NA <sup>1</sup>	NA <sup>1</sup>
Jalapão	94.03	1.57	NA <sup>1</sup>	NA <sup>1</sup>

<sup>1</sup> The Santa Luzia and Jalapão transmission lines started operation in 2022.

**Efficiency in thermal generation**

As in prior years, the company has continued to take action to improve the efficiency of its Termopernambuco plant, by avoiding leaks, decreasing emissions, reducing internal utility consumption, optimizing start-up times and procedures, improving supervisory software systems, installing recirculation systems, among other things.

The following table shows the average performance of the company’s thermal power generation facilities. It is important to note, however, that in 2022 the plant operated for only 60h as it was not dispatched by the ONS. For the sake of comparison, in 2021 the plant operated for a total of 6,670h. The 42.1% efficiency rate in 2022 is therefore not representative of the plant’s actual performance, as the inherent inefficiency in starting and stopping the plant for maintenance activities prevents an analysis of gas consumption efficiency in commercial operation.

**AVERAGE EFFICIENCY AT THERMAL GENERATION FACILITIES (%)**

GRI EU11 | SDG 7.3, 8.4, 12.2, 13.1, 14.3

	2022	2021	2020
Combined cycle	42.1 %	54.7 %	54.9 %

**2.3.3.3 Energy savings**

Two cornerstones of reduced energy consumption are considered: on the one hand, the energy savings from reduced fuel consumption and, on the other hand, the savings associated with steps to improve energy efficiency.

**ENERGY SAVINGS IN RENEWABLE GENERATION (GJ)**

GRI 302-4 | SDG 7.3, 8.4, 12.2, 13.1 | PG8, PG9

	2022	2021	2020
Annual primary energy savings through the production of renewable energy	53,052,516	44,165,255	38,451,764

The reduction in energy consumption is equal to the savings of primary (non-renewable) energy generated by the production of renewable energy and cogeneration. This figure for the energy saved is obtained by direct measurement at the output terminals of the facilities.

$$\text{Consumption (GJ)} = \sum \text{Generation (MWh)} \times 3.6 \text{ GJ/MWh}$$





Various measures were implemented in 2022 to improve energy efficiency within buildings and infrastructure elements. The energy savings produced by these measures is presented below:

### ENERGY SAVINGS THROUGH IMPROVED EFFICIENCY (GJ)

[GRI 302-4](#) | [SDG 7.3, 8.4, 12.2, 13.1](#) | [PG8, PG9](#)

Department	Concept	2022	2021	2020
Power distribution	Network efficiency	402,840	315,504	0
Generation	Generation efficiency	847	0	0
Buildings	Building efficiency	0	0	0
<b>Total</b>		<b>403,687</b>	<b>315,504</b>	<b>0</b>

### 2.3.3.4 Reductions in energy requirements of products and services

Neoenergia sells new products and services to encourage energy and financial savings by its customers, efficiency and environmental protection.

The company also works to reduce consumption through energy efficiency programs in low-income communities and at charitable organizations, as detailed in section [3.3.1.3](#).

### ENERGY SAVINGS FROM GREEN PRODUCTS AND SERVICES

[GRI 302-5](#) | [SDG 7.3, 8.4, 12.2, 13.1](#) | [PG 8, PG9](#) | [SASB IF-EU-420a.3](#)

	2022		2021		2020	
	GJ	MWh	GJ	MWh	GJ	MWh
Photovoltaic solar energy (GD)	26,430	7,342	34,612	9,614	45,248	12,569
Other savings and efficiency activities	539,745	149,929	478,391	132,886	593,834	164,954
Green energy supplied	115,521,243	32,089,234	165,182,289	45,883,969	143,784,000	39,940,000
<b>Total</b>	<b>116,087,418</b>	<b>32,246,505</b>	<b>165,695,292</b>	<b>46,026,470</b>	<b>144,423,083</b>	<b>40,091,358</b>

### 2.3.3.5 Energy consumption outside of the organization

[GRI 302-2](#) | [SDG 7.2, 7.3, 8.4, 12.2, 13.1](#) | [PG 8](#)

The most significant consumption of energy outside the organization is associated with employee commuting (97%) and business travel (3%). All of this information forms part of Scope 3 of the calculation of greenhouse gas emissions. Energy consumption outside the organization is estimated based on the distance traveled via each means of transport and is transformed using the conversion factors obtained from official sources (GHG emissions factors). The energy consumption for these items was on the order of 289,948 GJ in 2022.



## 2.3.4 Waste management

GRI 3-3\_306, 306-1, 306-2 | SDG 3.9, 6.3, 6.4, 6.6, 11.6, 12.4, 12.5

Neoenergia works to minimize waste production in any and all processes and activities (construction, operation and maintenance) and to increase recycling and reuse of materials. The company is committed to advancing a circular economy as an imperative for sustainable development and an opportunity to address climate change and the energy transition. Neoenergia's waste management practices are based on the following principles:

- Minimize the generation of waste at source;
- Maximize the reuse, recycling and recovery of waste;
- Promote awareness-raising campaigns regarding the minimization of waste;
- Specific treatment and management of hazardous waste.

The company's commitment to promoting a circular economy is illustrated in several initiatives in 2022, especially in the Networks and Renewables businesses.

### a. Initiatives in the Networks business

#### Awareness-raising campaigns regarding the minimization of waste

Given the complexity of waste management activities in the company's operations, and the synergies that exist between these activities and different environmental projects and programs across the group's distribution businesses, a forum has been created for discussion and sharing experience. The topics discussed in 2022 related to environmental emergencies and managing hazardous waste. These discussions led to the development of a Trimming Waste and Recyclables Management and Disposal Handbook for operations crews, based on requirements in the National Waste Management Policy (Law no. 12,305).

#### 100% recycled utility poles

The company installed 100% recycled utility poles along the shoreline in Salvador, Bahia. These environmentally friendly poles are made of waste materials from other poles removed from Neoenergia Coelba's distribution systems. Parts of the poles that would otherwise be disposed of as scrap have been re-utilized, including both the reinforcing steel and aggregates such as crushed stone and concrete dust. To recycle the poles, Neoenergia Coelba partnered with a specialized firm to develop a special machine for cannibalizing the decommissioned poles. Following a successful pilot, Neoenergia now plans to scale up production.

#### Green transformers

Conventional transformer tanks contain mineral petroleum oil as an insulating material. As a way to minimize environmental impacts, since 2019 all new transformers use plant-based oil as an insulating oil (green transformers). In the event of a spill, green oil is less harmful to the environment as it is biodegradable and non-toxic. To date, Neoenergia distribution companies have purchased more than 61,000 overhead transformers using plant-based oil, containing over 1.8 million liters of oil.

#### Transformer refurbishment

Neoenergia refurbishes distribution transformers, manages transformer maintenance, and regenerates and stores insulating oil removed from refurbished units. Transformer maintenance minimizes the need for disposal



and extends useful life. As a result, rather than being sold as scrap, transformers are now reinstalled in the network to perform their original function. The main benefits from this initiative include extending the useful life of transformer oil and minimizing environmental impacts by re-utilizing transformer equipment.

### **Reverse logistics for substation batteries**

Substation batteries have been incorporated into a reverse logistics program in partnership with equipment manufacturers. Under the purchase orders, manufacturers have an obligation to manage the reverse logistics of these batteries. At the end of their useful life, the manufacturers are responsible for disposing of the batteries in a way that further minimizes the risk of environmental damage.

### **Tree trimming waste partnership**

Tree trimming is essential in preventing tree branch contact with power lines, improving distribution system safety and service quality. Tree trimming operations generate organic waste that is sent to partners for reuse in other sectors. Donating the waste materials has helped to reduce environmental impacts. Disposal partnerships have been established in all states hosting Neoenergia distribution companies' service areas.

To build further on this program, Neoenergia Brasilia signed a partnership agreement with the Federal District Department of Agriculture, Food Supply and Rural Development (SEAGRI). The partnership will provide farmers throughout the Federal District with tree trimming waste, which is rich in soil-improving substances.

## **b. Renewables Initiatives**

Neoenergia's Renewables business has also implemented initiatives to advance the circular economy. One example has been the replacement of absorbents and rags with washable industrial towels. Since 2008, the company's hydropower plants have used high-absorbency industrial towels made of 100% cotton to remove oil, grease, resins, solvents and other chemicals during machinery maintenance. Used towels are stored and sent for washing and reuse. Reusable cleaning towels help to minimize the production of contaminated waste and support a more sustainable maintenance process.

In addition, some hydroelectric dams use composting systems that reduce organic waste production by 90%. The organic compost is used for reforestation, local kitchen gardens, or is donated to employees and community organizations.



### 2.3.4.1 Waste generated

Hazardous waste (HW) and non-hazardous waste (NHW) generated in 2022 amounted to 32,000 metric tons:

#### TOTAL WASTE BY TYPE (t)

GRI 306-3 | SDG 3.9, 6.6, 11.6, 12.4, 12.5, 15.1 | PG 8

	2022		2021		2020	
	Nonhazardous	Hazardous	Nonhazardous	Hazardous	Nonhazardous	Hazardous
Electrical/electronic waste <sup>2</sup>	53	598	0	70	0	0
Construction waste <sup>3</sup>	14,896	161	1,060	6	2,828	15
Municipal solid waste <sup>1,4</sup>	8,076	9	15,794	4	6,952	20
Thermal-process waste	46	7	62	0	18	0
Oils and liquid fuels <sup>5</sup>	0	1,344	0	368	0	1,232
Batteries	0	0	0	5	0	1
Residual waste <sup>4</sup>	6,648	102	1,704	283	14,071	412
<b>Total waste</b>	<b>29,719</b>	<b>2,221</b>	<b>18,620</b>	<b>736</b>	<b>23,869</b>	<b>1,681</b>

<sup>1</sup> Since 2021, tree-trimming waste has been accounted for as municipal solid waste.

<sup>2</sup> The higher volume reflects increased network equipment replacement and/refurbishment.

<sup>3</sup> The higher volume reflects increased network expansion and improvement activity.

<sup>4</sup> Waste disposal required by operations departments.

<sup>5</sup> A higher volume of equipment removal and disposal and environmental emergency response operations.

### 2.3.4.2 Classification of use of waste

The following tables show waste that is diverted from disposal and incineration, specifying the type of operation involved (e.g. reuse, recycling and other).

#### WASTE DIVERTED FROM DISPOSAL, BY RECOVERY OPERATION (t)

GRI 306-4 | SDG 3.9, 11.6, 12.4, 12.5 | PG 8

	2022		2021		2020	
	Nonhazardous	Hazardous	Nonhazardous	Hazardous	Nonhazardous	Hazardous
Reutilization	0	738	4	171	1	0
Recycling	22,623	156	4,023	244	11,983	1,093
Other recovery operations <sup>1</sup>	4,020	172	158	55	1	0
<b>Total</b>	<b>26,644</b>	<b>1,066</b>	<b>4,185</b>	<b>470</b>	<b>11,985</b>	<b>1,093</b>

<sup>1</sup> Electrical and electronic equipment scrap sold for recycling by third parties.



**WASTE DIVERTED FROM DISPOSAL, BY TYPE (t)**

GRI 306-4 | SDG 3.9, 11.6, 12.4, 12.5 | PG 8

	2022		2021		2020	
	Nonhazardous	Hazardous	Nonhazardous	Hazardous	Nonhazardous	Hazardous
Electrical/electronic waste	53	123	0	70	0	0
Construction waste	14,034	74	950	0	2,534	0
Municipal solid waste	7,750	4	1,650	3	5,993	0
Thermal-process waste	3	7	62	0	0	0
Oils and liquid fuels	0	842	0	352	0	1,091
Batteries	0	0	0	5	0	2
Residual waste	4,804	16	1,541	42	3,458	0
<b>Total</b>	<b>26,644</b>	<b>1,066</b>	<b>4,203</b>	<b>471</b>	<b>11,985</b>	<b>1,093</b>

The following tables show waste directed to disposal, specifying the disposal operation (e.g., incineration, landfilling and other).

**WASTE DIRECTED TO DISPOSAL, BY DISPOSAL OPERATION (t)**

GRI 306-5 | SDG 3.9, 11.6, 12.4, 12.5, 15.1 | PG 8

	2022		2021		2020	
	Nonhazardous	Hazardous	Nonhazardous	Hazardous	Nonhazardous	Hazardous
Incineration (with energy recovery)	20	8	1	1	3	3
Incineration (without energy recovery)	1,518	238	17	1	15	181
Sanitary landfills	1,525	117	255	97	11,800	400
Other disposal operations	12	792	14,294	4	66	5
<b>Total</b>	<b>3,076</b>	<b>1,155</b>	<b>14,567</b>	<b>103</b>	<b>11,884</b>	<b>589</b>

**WASTE DIRECTED TO DISPOSAL, BY TYPE (t)**

GRI 306-5 | SDG 3.9, 11.6, 12.4, 12.5, 15.1 | PG 8

	2022		2021		2020	
	Nonhazardous	Hazardous	Nonhazardous	Hazardous	Nonhazardous	Hazardous
Electrical/electronic waste	0	475	0	0	0	0
Construction waste	862	87	110	6	294	15
Municipal solid waste	325	6	14,144	2	959	20
Thermal-process waste	44	0	0	0	18	0
Oils and liquid fuels	0	502	0	16	0	141
Batteries	0	0	0	0	0	0
Residual waste	1,844	86	313	79	10,613	413
<b>Total</b>	<b>3,076</b>	<b>1,155</b>	<b>14,567</b>	<b>103</b>	<b>11,884</b>	<b>589</b>

## 2.4 Biodiversity protection

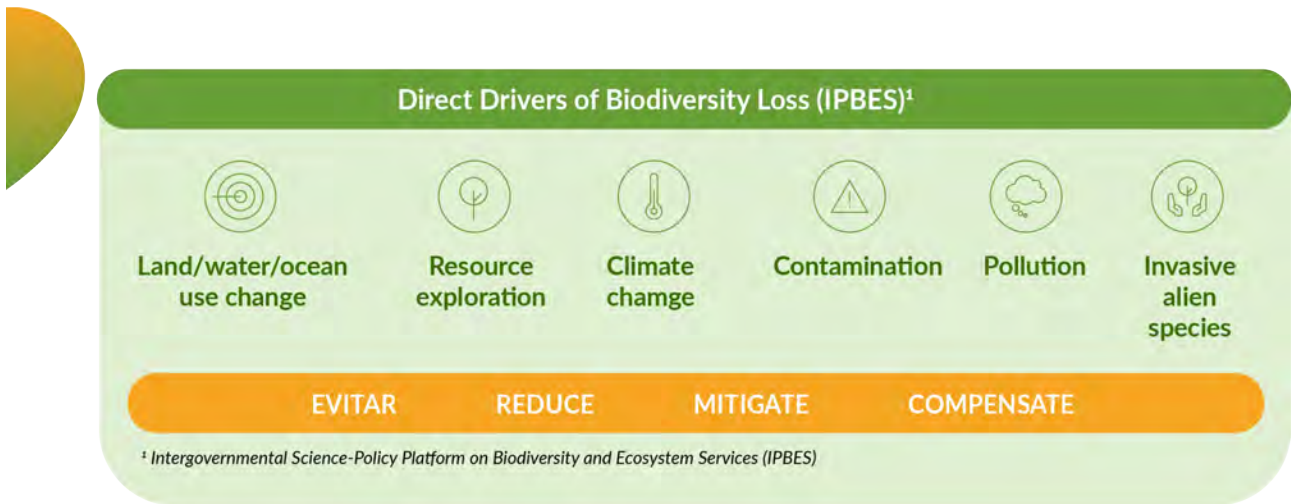
### 2.4.1 Governance and biodiversity management

**GRI 3-3\_304**

The degradation of ecosystems and the unprecedented decline in biological diversity, which the scientific community universally considers to be a direct result of the impact of human activities, entail grave environmental, economic and social risks. This requires urgent action to revert the loss of biodiversity. The loss of biodiversity, along with ecosystem collapse, has been classified as the fourth highest global risk over the next decade in the Global Risks Report issued by the World Economic Forum Released in January 2023, the report warns that this is one of the global risks deteriorating most rapidly over the next decade.

Aware that ecosystem conservation is an essential condition for global sustainability, Neoenergia is committed to taking a leadership position in conserving and promoting biodiversity in its industry sector. It also aims to promote among its stakeholders the culture that biodiversity should be valued, conserved, restored and used sustainably, maintaining ecosystem services, promoting a healthy planet and providing essential benefits for all people.

The company understands that respect for biodiversity and ecosystems must be at the forefront of its business strategy. It has therefore had a Biodiversity Policy since 2019, revised in 2021, in which it commits to embedding biodiversity protection and conservation in decision-making and developing a responsible energy model with nature as a source of sustainable development.



### Global Biodiversity Plan 2030

In December 2022, Iberdrola Group approved its 2030 Biodiversity Plan, which strengthens its commitment to nature and sets a goal of achieving a net positive impact on biodiversity by 2030, meaning its activities should contribute to biodiversity preservation and enhancement. Neoenergia group began structuring its 2030 Biodiversity Plan in 2022.

The objective considers the direct impacts on threatened species and ecosystems resulting from the company's activities throughout the life cycle of its facilities. It is based on the application of the conservation hierarchy principle, as well as mechanisms for identifying and quantifying impacts and monitoring compliance.





As part of the effort to achieve the goal of zero net biodiversity loss by 2030, Iberdrola has pledged that its activities will not result in net deforestation in 2025, which applies to both direct and supply chain-derived impacts.

The commitments and procedures derived from the plan are:

- a. Conservation hierarchy
- b. equal compensation for impacts (i.e. with the same type of habitat and species affected)
- c. application of solutions based on the preservation of nature; and
- d. Supply chain involvement.

All of them, together with other measures, constitute adequate tools to guarantee the achievement of the Plan's objectives in 2030.

Since 2019, Neoenergia has been developing pilot projects in metrics to measure the impacts on biodiversity and seek a net positive balance for the energy generation, transmission, and distribution assets of the entire group.

In 2022, the development of pilots with the Renewables (wind and hydroelectric generation) and Grids (energy distribution) operations help define the methodological framework for measuring our impacts on biodiversity. This instrument will allow the development of the 2030 Biodiversity Plan through the construction of a framework of metrics aimed at monitoring and tracking the group's relationship with biodiversity. However, measuring the impacts on biodiversity is a complex task since there is currently no agreed and accepted methodology at national or international level.

The methodological framework is based mainly on the Biological Diversity Protocol, issued by the Biodiversity Disclosure Project (BDP) launched in 2018, which is managed by the South African National Biodiversity and Business Network (NBBN) and hosted by the Endangered Wildlife Trust (EWT).

## 2.4.2 Interaction with biodiversity

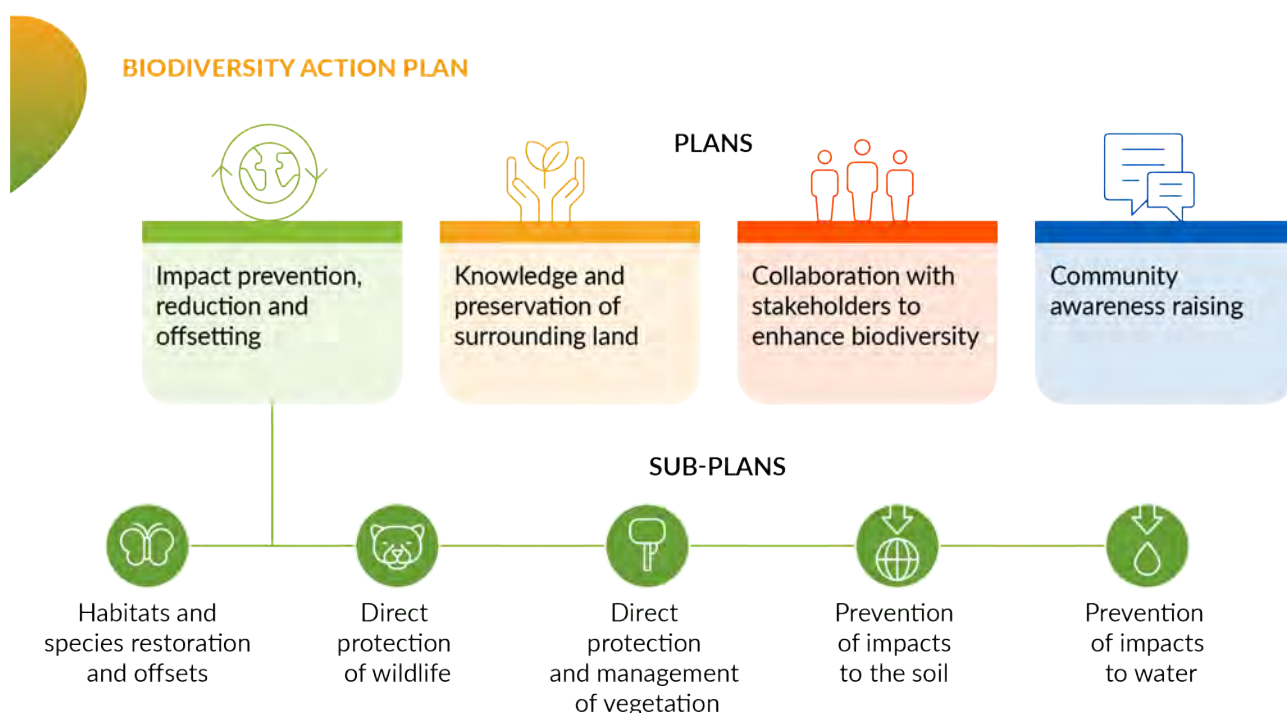
**GRI 304-2 | SDG 6.6, 14.2, 15.1, 15.5 | PG8**

Neoenergia identifies impacts and dependencies stemming from the interaction of these activities on biodiversity and natural capital, in order to avoid, minimize, remedy and ultimately offset these impacts and dependencies. Below are some of the tools used:

- Corporate Environmental Footprint
- Environmental impact assessments of greenfield projects
- Impact surveillance, monitoring and re-evaluation programmes

The Biodiversity Action Plans for facilities consolidate the different instruments applicable to each phase of the facilities' life cycle and are reported to stakeholders in the Global Biodiversity Report, which is released every two years.

Biodiversity Action Plans can be summarized as follows:



### Identification of dependencies on ecosystem services

Carrying out operations and maintenance activities requires, in addition to raw materials, the services that nature provides - ecosystem services. By identifying these dependencies, we are able to assess those

services and plan actions to prevent their modification and to protect and preserve them. An analysis of the group's activities makes it possible to identify dependencies on the following ecosystem services:

- Waterway maintenance service, through the hydrological cycle. The water cycle makes it possible to recover river flows, which is necessary to produce energy at hydro plants and for cooling processes at thermal plants.
- Climate regulation service, which is obtained through nature by means of the long-term storage of carbon dioxide in soils, plant biomass and the oceans. This service is important for all generation facilities.
- Terrain stabilization and erosion control. Vegetation on slopes prevents avalanches and landslides downstream from our facilities. This service is important for hydroelectric plants and transmission and distribution grid facilities.
- Protection against floods and storms, through the buffer provided by vegetation during such events. This service is important for hydroelectric plants and grid facilities.
- Dependencies on abiotic resources, the most important of which is water. This resource is the source of production at hydroelectric plants, and it is necessary for cooling at thermal plants.

### Identification of impacts

To prevent, minimize and properly correct possible adverse conditions for the natural environment, actions that can generate impacts during the different phases of the facilities' life cycle are identified. The following figure shows which actions during the different phases of a project can cause the most significant effects:

### IMPACTS AT EACH STAGE OF A FACILITY'S LIFECYCLE

#### Design stage

- Site selection
- Construction and technology solutions
- Material selection

#### Construction stage

- Traffic of vehicles and machinery
- Construction of roads and disturbance of vegetation cover
- Extended human presence (which temporarily affects the behavior of wildlife species and is generally reversible)
- Changes to the landscape



#### Operation stage

- Greenhouse gas emissions
- Changes to the natural regimen of rivers and barrier effects in the case of hydroelectric plants (which affect the ecosystems and habitats of certain species)
- Animal mortality from collisions and electrocution
- Disturbance to vegetation for maintenance of power line rights-of-way, etc.
- Spills and discharges

#### Decommissioning stage

- Use of machinery and vehicles for removing and demolition of existing facilities
- Extended human presence (which temporarily affects the behavior of wildlife species and is generally reversible)

Based on these actions, the potential significant impacts on biodiversity arising from the group's activities, products and services are in turn identified:

### POTENTIAL IMPACTS

	General effects	Effects on birds	Effects on land wildlife	Effects on water	Effects on vegetation
Construction stage					
Land-use change	Habitat and species loss	Electrocution	Electrocution, trapping	Changes in water quality	Fires
Changes to the landscape	Increased greenhouse gas emissions and climate change	Collisions		Discharges/spills into water	Soil degradation
Ecosystem fragmentation	Air, soil or water pollution				
Habitat disturbance					
Species displacement					



### GRI 2-23

In accordance with the precautionary principle, Neoenergia applies the conservation hierarchy (avoid, minimize, remedy, and as a last resort, compensate) in all projects. In the environmental impact assessment (EIA) processes, alternative sites are analyzed, which are decisive to avoid locating new infrastructure in protected areas or areas with high biodiversity value without formal protection status.

### GRI ex-EU19

Before starting the process, the company consults the various stakeholders about the new projects and incorporates good construction practices. During construction, Neoenergia continues to work with stakeholders, seeking to ensure that the environmental impact is as low as possible, restoring the affected areas.

If significant impacts are identified during the evaluation process,

the project is modified to the extent possible, and the best available techniques and any measures identified as necessary are employed to correct and minimize these impacts. In cases where impacts cannot be completely avoided or mitigated, compensatory measures are taken.

## Analyzing - Measuring - Evaluating - Improving

Nature's processes are complex, and it is difficult to establish metrics that represent the aggregate effect of a varied set of activities on biodiversity. In recent years, numerous methodologies have emerged that measure impacts on biodiversity from various angles and are applicable to different contexts.

Since 2019, Neoenergia has been incorporating the most advanced practices to better measure and understand the impacts of its activities, processes and facilities on biodiversity:

- a. At the facility level, in the environmental assessment processes of new projects and in monitoring and controlling the impacts of their operation; and
- b. At the corporate level, through the Corporate Environmental Footprint - which allows us to identify the impacts of the life cycle - and the internal and external indicators report.

An important step was defining an accounting framework for the net balance of biodiversity, which allows us to quantify the positive and negative impacts on species and ecosystems resulting from the construction, operation and decommissioning of projects. The framework is applicable to all facilities and allows us to consolidate the net balance of impacts at the facility, business and group levels. This way makes it possible to ascertain the degree of compliance with Iberdrola's global objective of zero net biodiversity loss by 2030 and adjust the action plans to ensure this commitment is met.

## 2.4.3 Facilities in protected spaces or high biodiversity-value areas

The areas in which Neoenergia conducts its activities serve as habitats for a variety of flora and wildlife, some of which are under some form of protection. There are also facilities for which the competent authorities authorized the project. Such authorization is based on the consideration that while the protected areas or high biodiversity-value areas could not be avoided, the preventive and palliative measures prevented the activities from having significant impacts on the protected habitats and species.



Therefore, following the impact assessment process, it was determined that the presence of such facilities in protected spaces or in high biodiversity-value areas was compatible with the protected elements, with the consequent implementation of measures to prevent, mitigate and compensate possible adverse effects.

The following table shows the company's facilities within or adjacent to protected spaces or in high biodiversity-value areas:

### FACILITIES WITHIN OR ADJACENT TO PROTECTED SPACES (PS) OR IN HIGH BIODIVERSITY-VALUE (HBV) AREAS

GRI 304-1 | SDG 6.6, 14.2, 15.1, 15.5 | PG8

Facility	Surface area inside PS or HBV	Surface area inside PS	Adjacent facilities to PS or HBV	Type of protection
Power lines	85,353 Km	85,265 Km	-	Environmental Protection Areas (APA)
Substations	134 units	134 operations	-	Environmental Protection Areas (APA)
Transformer centers	110,560 units	110,560 operations	-	Environmental Protection Areas (APA)
Hydroelectric plants	4,813ha	0	1	Important Bird and Biodiversity Areas (IBA), High Biodiversity Wilderness Areas (HBWA), UNESCO declared Biosphere Reserves, Key Biodiversity Areas (KBAs), National Parks, National Monuments (MN), National Park (Parna), Private Natural Heritage Reserve (RPPN), Priority Conservation Areas.
Wind farms	11.41ha	1.3ha	1	Key Biodiversity Areas (KBAs), endemic bird areas.

### 2.4.4 Threatened species in the vicinity of the facilities

Awareness of the species that live in the vicinity of the facilities is fundamental to the prevention of effects on them - all the more so if they are protected.

Neoenergia has identified threatened species included on the IUCN Red List and on the national and regional lists of the areas in which it operates that potentially could be affected by our facilities. It also conducts species monitoring programmes and research projects with a view to learning more about their patterns of behavior and incorporating this knowledge into its operations.

#### THREATENED SPECIES - IUCN RED LIST CLASSIFICATION

GRI 304-4 | SDG 6.6, 14.2, 15.1, 15.5 | PG8

	2022
Critically endangered (CR)	4
Endangered (EN)	19
Vulnerable (VU)	42
Near threatened (NT)	32
Least concern (LC)	824



## 2.4.5 Habitats protected or restored

GRI 304-3, EU13 | SDG 6.6, 14.2, 15.1, 15.5 | PG8

A proper habitat is essential for ensuring the successful survival of local species. Therefore, as part of Neoenergia's Action Plan, operational units implement specific programmes and actions to avoid, reduce, restore and offset effects on habitats and species, as well as to monitor their interactions in order to remedy the impacts.

Neoenergia and Iberdrola Group are committed to becoming leaders in biodiversity conservation. Under its commitment to preserving biodiversity, Iberdrola created the Trees Programme for forest biodiversity and ecosystems. It promotes the conservation and planting of 20 million trees by 2030.

The program includes three main lines of action called "branches," with the following objectives:

- a. **Branch 1 - Preserving natural heritage.** Iberdrola Group applies the mitigation hierarchy to all its projects and prioritizes alternatives that avoid negative effects on forest vegetation. In cases where this is unavoidable, the company works to minimize and compensate these impacts. This branch aims to collect information on these actions and their results to monitor the conservation of natural heritage.
- b. **Branch 2 - Replenishing and creating natural value.** The goal of this branch is to promote reforestation and restoration projects that help regenerate forests. These projects are voluntary and are not linked to any mitigation or compensation of infrastructure, or compliance with legal requirements.
- c. **Branch 3 - Social value: research and awareness.** This line aims to drive shared knowledge, fostering collaboration, awareness, and research among stakeholders.

### Habitat restoration and compensation programs

The Baixo Iguaçu Hydroelectric Plant is working to implement a biodiversity corridor that connects the forest areas of the Iguaçu National Park (PNI) with the areas subject to expropriation and vegetation recovery in the Direct Influence Area (AID) of the plant, covering the adjacent areas of the dam (100-meter APP) and a downstream zone called the Buffer Zone.

Different methodologies for vegetation recovery are being used in the recovery of this ecological corridor to ensure the effectiveness of appropriate actions based on the edaphological characteristics of each area. Actions such as seedling planting, seed mixes, nucleation, enrichment and isolation of areas in favor of rewilding are being implemented.

The Itapebi Hydroelectric Plant runs a Disturbed Land Rehabilitation Program (DLRP), which defines actions for degraded areas to reach minimum characteristics that allow for the formation of ecological processes, promoting their recovery and, as far as possible, restoring them to a natural condition. In addition, it carries out an Island and APP Inspection Program to identify activities or actions that can contribute to mitigating negative impacts around the dam. The plant houses total APP area of 57.7 hectares.

177 hectares of APP are managed at the Baguari Plant. In addition, 93 hectares of native Atlantic Forest are monitored and conserved. Since 2007, there has been work on fencing and monitoring native forests, ensuring their ecological quality is maintained.

The Teles Pires Plant monitors and conserves approximately 15,000 hectares of standing forest, in an advanced stage of regeneration, in the Amazon biome on its own land. There are also recovery and restoration areas in the Permanent Preservation Areas, which, combined with the preserved forest areas, total more than 19,000 hectares of areas under the plant's management.





To help recover the Caatinga ecosystem, Neoenergia maintains projects at its wind farms that aim to maintain biodiversity by applying the conservation hierarchy (Prevent, Mitigate, Remedy and Offset impacts). When building the Chafariz and Otis wind farms, efforts were made to minimize the area of vegetation to be cleared to house the project, achieving a 40% reduction in the area granted in the Deforestation Permit (ASV). In addition, as a compensatory measure, 16,728 seeds and 4,669 seedlings were planted to restore the ecosystem.

In 2022, Neoenergia group celebrated its 25<sup>th</sup> anniversary and in partnership with SOS Mata Atlântica Foundation and within the Forests of the Future Program, voluntarily planted 25,000 native tree seedlings in the municipality of Marabá Paulista, in Neoenergia Elektro's service area. The Forests of the Future Program aims to protect water resources by reforestation of riparian forests, bringing together the private sector, landowners and the community.

### Fauna and flora species protection and conservation programs

The companies are working to minimise the impacts of their facilities on fauna and are taking actions to foster the protection and conservation thereof. Special attention has been paid to the effects of our grids on fauna, particularly birdlife. Numerous actions have been taken in this regard:

- a. biological distancers to dissuade Furnarius

rufus from building nests on distribution network poles in Brazil, reducing the number of power outages and the risk of the birds suffering electrocution;

- b. The Bird Team Project consists of signage and monitoring to mitigate the impacts of the distribution grid on migratory birds, specifically the Roseate Tern and Arctic Tern species. Developed in the municipality of Galinhos (RN), the project is a partnership with the Environmental Studies and Monitoring Center (Ceman); PCCB - UERN: Cetaceans of the Costa Branca Project of the State University of Rio Grande do Norte, and other national and international institutions.

Proposals for Research and Development projects are being developed at the distribution companies with the aim of minimizing adverse effects on wild fauna species.

### Fish fauna rescue programs

In hydroelectric generation there are the following main programs:

- The Teles Pires hydroelectric power plant has anti-fish crowding mechanisms installed at the outlet of the generating units, preventing fish from entering during maintenance activities.
- All hydroelectric power plants carry out fish rescue actions in turbines during generating unit maintenance.

At the Teles Pires hydroelectric power plant, in particular, the following actions were taken:

- Retrieval of terrestrial fauna in the facilities, adjacent structures, accesses and lodgings.
- Preventive measures to reduce the amount of fish that access the ducts, such as: ensuring the correct operation of anti-entrapment screens, stopping machines outside the spawning period, operation of adjacent machines and activation of the spillway to draw fish to other points, and air injections during the isolation of the duct.

### Wildlife tracking and monitoring programs

Neoenergia carries out programs to track threatened species or habitats that may be affected by its activities, in order to evaluate the success of its preventive measures, identify possible impacts and implement new measures to reduce such impacts where necessary. In addition to the tracking of birdlife and chiroptera at the



group's wind farms, there are marine fish surveillance measures to prevent damage to aquatic environments, as well as monitoring programs for reptiles and amphibians and mammals in the hydroelectric plants.

In the vicinity of the plants, studies are carried out on fauna and specific activities for monitoring, prevention, protection, reduction and mitigation of impacts on species and habitats. In the region where the Baixo Iguaçu plant is installed, telemetry technology enabled the monitoring of the migratory habits of the Iguaçu surubim (*Steindachneridion melanodermatum*), an endemic species to the site that is considered an endangered specie on the Paraná list.

Monitoring programs also allow us to discover new species. At the Teles Pires hydroelectric plant, the Primate Monitoring Program described a new species of monkey, the Schneider's marmoset (*Mico schneideri*), after six years of research. This initiative is one of a series of 44 social and environmental programs and initiatives in the region, and has previously identified several other new species, such as the Alta Floresta titi (*Plecturocebus grovesi*). Another significant discovery was a new species of orchid, christened *Catasetum telespirense*, found during flora monitoring research along the banks of the Teles Pires River.

The distribution and transmission companies are carrying out all the environmental studies required for the implementation of new structures, which vary according to the complexity of the project and the environmental sensitivity of the implementation area. Environmental Impact Assessments (EIA), Forest Inventories, Reports detailing Environmental Programs (RDPA), Simplified Environmental Reports (RAS), among others, are conducted.

All these initiatives contribute, in various ways, to collecting scientific data that informs company decision-making to promote sustainable and environmentally responsible growth throughout Neoenergia group.

### **Programs to foster knowledge and research for habitat and species conservation**

Neoenergia is committed to supporting knowledge and research as key measures to protect and conserve biodiversity. Along these lines, in 2022 the company continued to support research such as the work carried out through the Coralizar Project on the effects of climate change on coral reefs and the Flyways Project to monitor wading and migratory birds, some of which are at risk of extinction, in northeastern and southern Brazil. Details of this project can be seen in the programs of [3.3.5 Neoenergia Institute](#).

Neoenergia has made a substantial contribution to progress on this program, especially through its standing forest conservation initiatives in protected areas, and reforestation programs at its hydropower plants, as part of environmental-license covenants.

In addition to headwater conservation programs, Neoenergia's hydroelectric dams maintain almost 30,000 hectares of protected areas across Brazil's three main biomes (Amazon, Atlantic Forest and *Cerrado*). Most of these forest areas are at an advanced stage of conservation, while others are undergoing rehabilitation and/or reforestation.

Hydroelectric facilities' revegetation programs aim to ensure that forest cover is adequately restored in the protected areas surrounding their reservoirs, so they are able to perform ecosystem services that are essential for our business and for surrounding communities. At the Teles Pires and Itapebi plants, rehabilitated and preserved vegetation around springs and headwaters improves recharge and allows their use by local communities.

Among the company's key volunteering initiatives is a project to rehabilitate formations of *Caatinga*, the only biome found only in Brazil and one that has historically suffered from degradation. Past rehabilitation efforts have been unsuccessful due to region's semiarid climate. In 2021, Neoenergia developed an online course in partnership with Associação Caatinga. The course is delivered on an interactive rehabilitation platform in



partnership with the World Resources Institute (WRI). The platform provides a unique wealth of information about species needing to be planted and suggestions on how to plant them to enhance development and rehabilitation in all northeastern states.

Also of note was the partnership between Neoenergia and SOS Mata Atlântica for the voluntary planting of 25,000 native Atlantic Forest seedlings in celebration of Neoenergia group's 25<sup>th</sup> anniversary. The planting was carried out in December 2022 and the area's monitoring and maintenance program will last five years.

These initiatives are in line with the UN Decade on Ecosystem Restoration (UN 2021-2030), a global effort to restore natural ecosystems in order to preserve biodiversity and mitigate the effects of climate change.

*More information about Neoenergia's endeavors is available in its Biodiversity Report which can be accessed [here](#).*



## 2.5 Environmental compliance

### GRI 2-27 | SDG 16.3

In response to the multiple activities with an environmental impact, there is a global Environmental Management System that is a common framework on environmental issues and allows us to coordinate different plans and measures, respecting the independence and specifics of each country.

This common system was developed by incorporating innovation actions in environmental management that allow the environmental dimension to be aligned within the group's sustainability, integrating the Sustainable Development Goals and articulating the mechanisms to measure and evaluate environmental performance from the life cycle perspective. This, in turn, allows Neoenergia to integrate the circular economy and natural capital into its management.

The Environmental Management System transfers sustainable development environmental policies to environmental guidelines. These environmental guidelines are implemented by organizations in environmental goals and objectives, including the allocation of responsibilities, resources and execution deadlines.

Neoenergia has specific Environmental Management Systems (EMS) for businesses and processes, based mainly on ISO 14001:2015 and the EMAS Regulation (Eco-Management and Audit Scheme, a European environmental management and communication program). They can be used to mitigate environmental risks, improve resource management and optimize environmental investments and costs.

Neoenergia also joined the Corporate Environmental Footprint certified by ISO 14072:2014 as a way of gaging environmental management, allowing it to diminish environmental risks, improve resource management, foster circularity and optimize environmental investments and costs.

Environmental incidents in 2022 triggered the following fines and non-monetary sanctions:

### ENVIRONMENTAL FINES AND SANCTIONS

#### GRI 2-27 | SDG 16.3

	2022	2021	2020
Total number of significant cases of non-compliance with laws and regulations for which fines were applied during the year <sup>1</sup>	26	NA	NA
Number of fines for non-compliance with laws and regulations that were incurred and paid in the year <sup>1</sup>	0	NA	NA
Number of fines for noncompliance with laws and regulations that were incurred in previous years and paid in the current year <sup>1</sup>	0	NA	NA
Monetary value of fines for noncompliance with laws and regulations that were incurred and paid in the current year (R\$ thousand) <sup>1</sup>	0	NA	NA
Monetary value of fines for noncompliance with laws and regulations that were incurred in previous years and paid in the current year (R\$ thousand) <sup>1</sup>	0	NA	NA
Penalties paid during the year, total amount (R\$ thousand)	0	7,577	907
Number of non-monetary, administrative or judicial sanctions for non-compliance with laws or regulations related to the environment.	11	12	15
Number of arbitration cases or similar dispute resolution mechanisms	0	0	0

<sup>1</sup> Data not available for 2020 and 2021, as information was then not compiled to this level of detail.

Significant cases of non-compliance with laws and regulations resulting in fines during the year are mainly related to vegetation clearance, improper disposal of waste in public areas, or lack of licenses or supplying electricity in environmentally restricted areas.

## 2.5.1 Environmental complaint procedures

Neoenergia provides a complaint mechanism - a Hotline - which can be accessed via our corporate website or by calling 0800 591 0857, and can also be used to lodge complaints about environmental irregularities. In addition, the email [meio.ambiente@neoenergia.com](mailto:meio.ambiente@neoenergia.com) receives specific inquiries, suggestions and complaints related to the environment.

In 2022, 293 environmental complaints were registered in the environmental indicators management platform with data referring to these communication channels. We can also receive messages about the environment on our various social media platforms such as Facebook and Instagram.



# 3. Social





## 3.1 Commitment to the workforce

### 3.1.1 Commitment to quality employment

#### 3.1.1.1 Policies and commitments

##### GRI 3-3\_401\_402

Neoenergia adopts a Human Resources Policy aimed at defining, developing, and disseminating a human resource management model that enables attracting, developing, retaining, and capturing the loyalty of its talents. It also aims to foster the personal and professional growth of group employees, involving them as participants in its business success project and ensuring dignified and safe work in a diversified and inclusive environment. The overall HR policy was last reviewed in March 2022, and breaks down into the following specific policies:

- Respect for Human Rights Policy
- Equality, Diversity & Inclusion Policy
- Selection and Hiring Policy
- Knowledge Management Policy
- Health and Safety Policy

#### 3.1.1.2 Goals

The company has selected the following themes as being particularly relevant for its employee relations:

- Consolidate a group corporate culture
- Foster integration among all employees and areas
- Define a recruiting model
- Adopt an integrated system to manage training and qualification
- Make employees aware of diversity
- Design individual value-based job offers

Among the guidelines that Neoenergia embraces and promotes to reach the goals of its Human Resources Policy is the design of individualized, value-based job offers that enable selecting, hiring, promoting, and retaining talents. A value-based job offer is comprised of competitive compensation and a diversified and inclusive work environment that makes it easier for employees to reconcile their personal and professional lives while at the same time promoting their professional growth.

#### 3.1.1.3 Company employees

##### GRI 2-7, 2-8 | SDG 8.5, 10.3

At the end of 2022 the group had a total headcount of 15,406, 65% of them working in the Northeast of Brazil. The company also had 524 interns. In addition to company employees, another 31,855 contractor employees provide services to the group, in particular field services for the distribution and transmission companies. These workers are involved in construction, maintenance, operation, and security services. They are employed by companies that provide services to Neoenergia.

## NUMBER OF WORKERS

GRI 2-7, 2-8



## WORKFORCE BY REGION (No.)

GRI 2-7 | SDG 8.5, 10.3

	2022	2021	2020
<b>Brazil</b>	<b>15,406</b>	<b>15,058</b>	<b>12,814</b>
Northeast	9,983	9,830	8,571
Southeast	4,468	4,338	4,201
Midwest	938	875	25
North	0	0	0
South	17	15	17

96.8% of the members of our Executive Board were hired in the local community. [GRI 202-2](#)

Breakdown by type of employment and labor agreement:

## WORKFORCE BY TYPE OF EMPLOYMENT AND LABOR AGREEMENT (No.)

GRI 2-7 | SDG 8.5, 10.3

	2022			2021			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Employment type</b>									
Full time	12,053	2,777	14,830	11,481	2,501	13,982	9,396	2,074	11,470
Part time	396	180	576	873	203	1,076	1,144	200	1,344
<b>Contract type</b>									
Indefinite	12,447	2,957	15,404	12,343	2,702	15,045	10,537	2,272	12,809
Temporary	2	0	2	11	2	13	3	2	5
<b>Total</b>	<b>12,449</b>	<b>2,957</b>	<b>15,406</b>	<b>12,354</b>	<b>2,704</b>	<b>15,058</b>	<b>10,540</b>	<b>2,274</b>	<b>12,814</b>



### WORKFORCE BY EMPLOYEE CATEGORY<sup>1</sup>

GRI 405-1 |SDG 5.1, 5.5, 8,5| PG 6

	Men			Women		
	2022	2021	2020	2022	2021	2020
<b>Workforce by professional category (no.)</b>	<b>12,449</b>	<b>12,354</b>	<b>10,540</b>	<b>2,957</b>	<b>2,704</b>	<b>2,274</b>
Direct leadership	289	286	254	117	102	97
Intermediate controls and qualified technicians	2,027	1,869	1,708	1,454	1,301	1,194
Support staff and teams	10,133	10,199	8,578	1,386	1,301	983
<b>Workforce by employee category (%)</b>	<b>81%</b>	<b>82%</b>	<b>82%</b>	<b>19%</b>	<b>18%</b>	<b>18%</b>
Direct leadership	1.9 %	1.9 %	2.0 %	0.8 %	0.7 %	0.8 %
Intermediate controls and qualified technicians	13.2 %	12.4 %	13.3 %	9.4 %	8.6 %	9.3 %
Support staff and teams	65.8 %	67.7 %	66.9 %	9.0 %	8.6 %	7.7 %

<sup>1</sup> Direct leadership: directors, department heads and managers; Intermediate controls and qualified technicians: managers, leaders, specialists and analysts; Professionals and support staff: administrative, technical and operational personnel.

### WORKFORCE BY GENDER AND AGE GROUP

GRI 405-1 |SDG 5.1, 5.5, 8,5| PG 6

	Men			Women		
	2022	2021	2020	2022	2021	2020
<b>Workforce by gender and age (no.)</b>						
Up to 30	2,923	3,155	2,844	961	866	715
31 to 50	8,775	8,435	6,941	1,864	1,706	1,435
Over 50	751	764	755	132	132	124
<b>Total</b>	<b>12,449</b>	<b>12,354</b>	<b>10,540</b>	<b>2,957</b>	<b>2,704</b>	<b>2,274</b>
<b>Workforce by gender and age (%)</b>						
Up to 30	19.0 %	21.0 %	22.2 %	6.2 %	5.8 %	5.6 %
31 to 50	57.0 %	56.0 %	54.2 %	12.1 %	11.3 %	11.2 %
Over 50	4.9 %	5.1 %	5.9 %	0.9 %	0.9 %	1.0 %
<b>Total</b>	<b>80.8 %</b>	<b>82.0 %</b>	<b>82.3 %</b>	<b>19.2 %</b>	<b>18.0 %</b>	<b>17.7 %</b>

### WORKFORCE BY GENDER AND LEADERSHIP CATEGORY

GRI 405-1 |SDG 5.1, 5.5, 8,5| PG 6

	Men			Women		
	2022	2021	2020	2022	2021	2020
<b>Workforce by gender and leadership category (no.)</b>						
Senior management	81	83	77	32	25	22
Middle management	208	203	177	85	77	75
<b>WORKFORCE BY GENDER AND LEADERSHIP CATEGORY (%)</b>						
Senior management	20.0	21.4	21.9	7.9	6.4	6.3
Middle management	51.2	52.3	50.4	20.9	19.8	21.4

Senior leadership: Board of Executive Officers and superintendents, middle management, management

### EMPLOYEES WITH DISABILITIES (No.)

GRI 405-1 |SDG 5.1, 5.5, 8,5| PG 6

	2022	2021	2020
Men	334	338	255
Women	192	185	147
<b>Total</b>	<b>526</b>	<b>523</b>	<b>402</b>



## 3.1.2 A stable work environment

### 3.1.2.1 Recruiting and selection: new hires

#### GRI 3-3\_202, 401

Talent management is a key element to ensure Neoenergia successfully achieves its goals. For this reason, all group companies join forces to attract, select, train, and retain professionals who share behaviors, knowledge, and skills that are aligned with the company's purpose and values, and with its current and future needs.

The group has specific policies, approved by its Board of Directors, that govern selection, such as its Selection and Contracting Policy, and its Equity, Diversity, and Inclusion Policy, and a dedicated recruiting and selection staff that ensures that the principles described in sections [3.1.3 Diversity and equal opportunities](#), and [3.3.2a Commitment to labor-related human rights](#) of this report are applied to the company's selection processes. The company structure is further reinforced with local practices that ensure the best talents are attracted and hired based on the needs of each business, and in compliance with specific legislation.

The standards that apply to selection processes were reviewed in 2022. One of the main premises is to value professional growth and prioritize in-house recruitment. Job openings are disclosed through e-mail marketing every week, globally encouraging the interest of those searching for opportunities. This approach values employees, offers a consistent career plan, keeps up the level of engagement and commitment, and helps develop a strong culture.

#### NEW HIRES

#### GRI 401-1 | SDG 5.1, 8.5, 8.6, 10.3 | PG6

			Men		Women	
	2022	2021	2020	2022	2021	2020
<b>By age range (no.)</b>						
Up to 30	556	1,032	754	271	290	153
31 to 50	521	1,110	745	220	231	122
Over 50	8	10	9	3	4	3
<b>Total</b>	<b>1,085</b>	<b>2,152</b>	<b>1,508</b>	<b>494</b>	<b>525</b>	<b>278</b>
<b>By age group (%)<sup>1</sup></b>						
Up to 30	19.0 %	32.7 %	26.5 %	28.2 %	33.5 %	21.4 %
31 to 50	5.9 %	13.2 %	10.7 %	11.8 %	13.5 %	8.5 %
Over 50	1.1 %	1.3 %	1.2 %	2.3 %	3.0 %	2.4 %
<b>Total (%)</b>	<b>8.7 %</b>	<b>17.4 %</b>	<b>14.3 %</b>	<b>16.7 %</b>	<b>19.4 %</b>	<b>12.2 %</b>

<sup>1</sup> Percent total workforce in each age group.

#### Opportunities

In 2022, 32% of the openings were filled in-house, 72% of these for leadership positions (manager, superintendent, director, or the like). Indicators are monitored monthly, and from time to time meetings are organized with the areas involved. Results are shared at strategy meetings and on the company's internal and external communication channels.

To support this premise the company launched the In-House Opportunity Platform, already used by the Iberdrola Group. This is now a channel to apply for positions at Neoenergia and in other Iberdrola Group countries. This new tool encourages employee growth, development, and empowerment.

External recruiting processes in Brazil include structured steps that are common with all group companies in Brazil to ensure transparency and equal opportunity for all participants and interested individuals. New



employees experience an onboarding program to integrate, facilitate, and accelerate their adaptation. The process is online and uses Teams, a corporate tool, that brings together employees of different companies and locations in a same meeting, promoting initial integration. During this event new hires learn about purpose, values, behaviors, integrity, businesses, regulations, socioenvironmental projects, people development, innovation, sustainability, volunteer work, and internal communications.

## Insourcing

Neoenergia started its insourcing process in 2017 to improve customer service and safety management. Since then, over 5,000 people were added to our headcount. We now have 15,406 direct employees and 31,855 contractors. On-call activities, projects, inspection, and urban vegetation control (trimming) were the priority for the first four years. In 2022 we insourced technical commercial services and maintenance of our sub-transmission live lines, hiring 650 employees.

This helps explain the increase in headcount, also driven by the acquisition of Neoenergia Brasília, and the larger number of contractors due to work going on in new wind farms and transmission substations and lines purchased at auctions. Some of the employees hired are graduates of the Electrician School, a Neoenergia initiative to provide training in its concession areas and offer work opportunities for people living in these locations. In 2022, 723 electricians—479 men and 244 women—graduated from schools in Bahia, Pernambuco, Rio Grande do Norte, São Paulo and Brasília, and 80 were hired.

At the other extreme the company promoted a Voluntary Termination Program (PDV or VTP) at Neoenergia Brasília. In the first two steps (June and December 2021), 140 employees joined the program, followed by another 62 in the third step ended in March 2022, and 15 in the fourth step, which ended in December 2022.

## Internship and trainee programs

Internships are an important source of employees for the group, and one where it is able to disseminate its culture from the start of an employee's career. For this reason Neoenergia has a well-structured talent training and qualification program, encouraging a sense of ownership and creating in-house opportunities. These programs typically last for one to two years.

In 2022 the company launched a new selection format, where openings are posted on the company Job Opening Portal all year, resulting in even more assertive recruiting that is faster and more dynamic. In 2022, all recruiting activities were online, and attracted over 13,000 interested individuals for 200 positions.

Currently Neoenergia has 524 interns in either technical school or university. During the year 219 interns were hired for permanent positions.

Also in 2022, Neoenergia created the International Graduate Trainee Program, a two-year program that offers successful applicants an international experience in countries where Iberdrola operates. The goal is to train future leaders and specialists that can strengthen the group's strategic areas and help it fulfill market needs. In 2022, 50 of the 6,400 applicants were interviewed by company executives, and 18 trainees selected. Over the course of two years they will be the focus of activities to accelerate their development, including local and international job rotation. Trainees were screened online in a process that included one-on-one interviews and a business panel discussing the free energy market and customer experience.

## WORKFORCE CLOSE TO RETIREMENT

GRI EU15 | SDG 8.5 | PG6

	In the next 5 years (%)			In the next 10 years (%)		
	2022	2021	2020	2022	2021	2020
<b>By category (no.)</b>	<b>197</b>	<b>156</b>	<b>168</b>	<b>541</b>	<b>386</b>	<b>421</b>
Direct leadership	24	22	25	48	27	30
Intermediate controls and qualified technicians	70	50	58	176	120	137
Support staff and teams	103	84	85	317	239	254
<b>By category (%)</b>	<b>1.3 %</b>	<b>1.0 %</b>	<b>1.3 %</b>	<b>3.5 %</b>	<b>2.6 %</b>	<b>3.3 %</b>
Direct leadership	5.9 %	5.7 %	7.1 %	11.8 %	7.0 %	8.6 %
Intermediate controls and qualified technicians	2.0 %	1.6 %	2.0 %	5.1 %	3.8 %	4.7 %
Support staff and teams	0.9 %	0.7 %	0.9 %	2.8 %	2.1 %	2.7 %

## TURNOVER - PERSONNEL LEAVING THE COMPANY

GRI 401-1 | SDG 5.1, SDG 8.2, 8.5, 8.6, SDG 10.3, PG6

	Men			Women		
	2022	2021 <sup>1</sup>	2020 <sup>1</sup>	2022	2021 <sup>1</sup>	2020 <sup>1</sup>
<b>By age (no.)</b>						
Up to 30	279	225	165	70	59	74
31 to 50	586	522	437	147	109	97
Over 50	131	236	116	28	29	8
<b>Total (no.)</b>	<b>996</b>	<b>983</b>	<b>718</b>	<b>245</b>	<b>197</b>	<b>179</b>
<b>By age (%)<sup>2</sup></b>						
Up to 30	9.5 %	7.1 %	5.8 %	7.3 %	6.8 %	10.4 %
31 to 50	6.7 %	6.2 %	6.3 %	7.9 %	6.4 %	6.8 %
Over 50	17.4 %	30.9 %	15.4 %	21.2 %	22.0 %	6.5 %
<b>Total (%)</b>	<b>8.0 %</b>	<b>8.0 %</b>	<b>6.8 %</b>	<b>8.3 %</b>	<b>7.3 %</b>	<b>7.9 %</b>

<sup>1</sup>Data for 2021 and 2020 adjusted for changes in calculation method.

<sup>2</sup> Percent total workforce for each age range.

## VOLUNTARY EMPLOYEE TURNOVER BY GENDER

GRI 401-1 | SDG 5.1, SDG 8.2, 8.5, 8.6, SDG 10.3, PG6

	2022	2021	2020
Men	309	388	142
Women	133	110	44
<b>Total (no.)</b>	<b>442</b>	<b>498</b>	<b>186</b>
<b>Total (%)</b>	<b>2.9</b>	<b>3.3</b>	<b>1.5</b>





**TERMINATED**

**GRI 401-1| SDG 5.1, SDG 8.2, 8.5, 8.6, SDG 10.3, PG6**

	Men			Women		
	2022	2021	2020	2022	2021	2020
<b>By age (no.)</b>	<b>623</b>	<b>533</b>	<b>370</b>	<b>101</b>	<b>80</b>	<b>73</b>
Up to 30	146	127	68	15	18	21
31 to 50	388	307	239	65	46	44
Over 50	89	99	63	21	16	8
<b>By age (no.)</b>	<b>5.0 %</b>	<b>4.3 %</b>	<b>3.5 %</b>	<b>3.4 %</b>	<b>3.0 %</b>	<b>3.2 %</b>
Up to 30	5.0 %	4.0 %	2.4 %	1.6 %	2.1 %	2.9 %
31 to 50	4.4 %	3.6 %	3.4 %	3.5 %	2.7 %	3.1 %
Over 50	11.9 %	13.0 %	8.3 %	15.9 %	12.1 %	6.5 %
<b>By employee category (no.)</b>	<b>623</b>	<b>533</b>	<b>370</b>	<b>101</b>	<b>80</b>	<b>73</b>
Direct leadership	13	6	9	5	5	3
Intermediate controls and qualified technicians	66	72	51	34	34	34
Support staff and teams	544	455	310	62	41	36
<b>By employee category (no.)<sup>2</sup></b>	<b>5.0 %</b>	<b>4.3 %</b>	<b>3.5 %</b>	<b>3.4 %</b>	<b>3.0 %</b>	<b>3.2 %</b>
Direct leadership	4.5 %	2.1 %	3.5 %	4.3 %	4.9 %	3.1 %
Intermediate controls and qualified technicians	3.3 %	3.9 %	3.0 %	2.3 %	2.6 %	2.8 %
Support staff and teams	5.4 %	4.5 %	3.6 %	4.5 %	3.2 %	3.7 %

<sup>1</sup> Percent total workforce in each age group.

<sup>2</sup> Percentage out of total workforce in each category.

### 3.1.2.2 Collective bargaining agreements

The relationship between Neoenergia Group companies and unions is based on respect, transparency, and recognition of union legitimacy as worker representatives, within the ethical principles and values that guide union good practices. Negotiations are mainly used as mechanisms to adjust conduct and define rights and duties between the parties.

Collective Labor Agreements reflect modern and advanced labor practices, and respect the regional and sector characteristics of the different group companies. As a rule, collective agreements apply to all workers who provide services, regardless of the type of agreement, the professional group, the occupation, or the work performed.

**GRI 407-1 | SDG 8.8 | PG3**

All employees are ensured the right to freely associate, organize, and mobilize unions, and use internal communication channels to communicate and report on the progress of negotiations. They are also free to meet with the union to monitor the Collective Labor Agreement throughout the year.

Group companies have a relationship with and negotiate regionally with 14 unions, as per applicable legislation. These are Furcen/MT, SEESP/SP, Sindelpar/PR, Sindergel/SP, Sindieleto/MG, Sindurb/PE, Sinergia/BA, Sintergia/RJ, Sintern/RN, STIEEC/SP, STIEESP/SP, STIU/DF, STIU/PB and STIUEG/GO, in 11 states and the Federal District, covering over 15,000 direct employees and 37 collective bargaining agreements in distribution, generation, transmission and trading, always with respect, transparency, and ethics.

**WORKFORCE COVERED BY COLLECTIVE AGREEMENTS**

GRI 2-30 |SDG 8.8| PG3

	2022		2021		2020	
	%	No. of employees	%	No. of employees	%	No. of employees
Neoenergia	100	15,406	100	15,092	100	12,808

**GRI 402-1 |SDG 8.8| PG3**

Organizational changes and material events are formally communicated according to applicable regulations and collective bargaining agreements. Collective bargaining agreements do not specify the number of weeks, but merely advise that they be communicated ahead of time to the unions. The deadline for this communication is defined by the area involved and human resources, and depends on the type of organizational change.

**3.1.2.3 - Social Benefits**

Neoenergia Group companies are concerned with the wellbeing of their employees and the balance of their personal and professional lives, offering flex-time in moments of personal need or to extend vacation, depending on the position held. In 2022 a hybrid model of work was put in place for positions where this is feasible, with two days of remote work and three in-person days per week.

Neoenergia respects the national minimum wage policy, as well as any regional minimum wage, if available. Group companies perform market surveys to assess current practices and define their own compensation policy. Currently the lowest salary defined by the company's employee compensation policy is above the national and regional minimum wage.

The benefits package for permanent employees includes life insurance, corporate travel insurance, health insurance, dental insurance, meal vouchers, transportation vouchers, disability support, dependent support, physical activity support (Gympass), private pension, personal loans, education incentives, and the Neoenergia Club (discounts at schools, gyms, merchants and a number of sport and cultural activities), among others.

Senior management is also entitled to a Long-Term Incentives Plan (LTIP) approved by the Board of Directors. This variable compensation is awarded every three years to help retain group company officers, executives, and managers. The benefits of the 2022 program will be paid as stock in 2023.

The group has also adopted the Corporate Citizenship program created under Law 11,770/2008 and regulated by Decree 7,052/2009, which extends maternity leave by 60 days to a total of six months. Paternity leave now extends for a further 15 days, in addition to the current 5 days, totaling 20 days (Law 13,257/2016).

**Pension plan****GRI 201-3**

Néos Previdência Complementar (supplemental pension) was created in 2019 to centralize the management of private pension plans, providing flexibility to employees and ensuring greater administrative efficiency. Private pension funds that served Neoenergia Coelba, Neoenergia Pernambuco, and Neoenergia Cosern employees have now been merged into Néos. Their defined contribution (DC) or defined benefit (DB) plans remain in effect, but no new members will be admitted.



Néos provides a DC plan for its new employees (and in the future for anyone who wishes to migrate), reducing the time to redeem 100% of the sponsor contributions to five years (rather than eight), offering early retirement at 50, adding a new investment profile (Life Cycle), and improving the percent contribution.

To maintain good communication, Néos created a weekly newsletter for participants with information about the organization, the pension plans offered, financial education and pension hints, and legal information regarding pensions.

On December 31, 2022 the consolidated position of the four pension plans held by Neoenergia was R\$ 3.73 billion in actuarial obligations, with coverage of R\$ 3.77 billion in fair value of its assets, as per the actuarial valuation of the same date. In 2022 the DC plans had 10,921 members, and the DB plans 2,953 members.

Neoenergia also has a defined-benefit health insurance plan for retirees of Neoenergia Coelba, with an actuarial obligation of R\$ 729 million at year end, and 6,702 beneficiaries (829 active beneficiaries, 2,899 policyholders and 2,974 dependents). These plans are closed to new members, with the exception of the Neoenergia Elektro pension plan. Two of the defined benefit plans have a surplus (the Neoenergia Coelba and Neoenergia Cosern Pension Plans), and three are running at a deficit (the Neoenergia Pernambuco, Neoenergia Brasilia and Neoenergia Elektro Pension Plans, and the Neoenergia Coelba health insurance plan), as detailed in each company's financial statements. Information for Neoenergia is also available in the [Consolidated Financial Statements](#).

## 3.1.3 Diversity and equal opportunity

### 3.1.3.1 Policies and commitments

#### GRI 3-3\_405\_406

Creating an inclusive work environment where differences are respected, employees are empowered and discrimination is fought is part of internal guidelines that encourage diversity and help retain the best talents, developing a culture of innovation, and more creative and productive teams that are able to contribute to a more equitable society.

To demonstrate its commitment to diversity, the company has short, medium, and long-term targets to expand the number of women in relevant positions, including managers and electricians. It is also committed to increasing racial diversity. Further information on company goals and targets is available in section 1.4.1.ESG + F commitments, and on the Neoenergia website.

Our selection and recruiting standards were updated to promote the inclusion of minority groups in in-house and external processes. It is recommended that at least one-third of the finalists for supervisor, analyst, and technician positions come from one of these groups. Likewise, leadership positions must include a list of diversified finalist candidates with at least one representative of each gender. This initiative is part of the position “Together, our energy is made of diversity”, launched in 2021.

A racial self-declaration census was completed in 2022, so that these themes may be more accurately addressed over the coming years. Four affinity groups (race, women, LGBTQIA+, people with disabilities) bring together employees from all over Brazil to discuss themes related to the group.

#### Connections

Working groups on diversity are aligned with Iberdrola’s Global diversity Committee, which meets every two months to discuss the theme and assess the progress made with the different measures proposed by the various countries. The goal of this committee is to propose, promote, and coordinate the company’s position on diversity, and promote its implementation in accordance with the current policy. Another of its roles is to connect senior management with the reality of the organizational culture, and influence this culture to strengthen professional diversity and inclusion.

The company has an Equality, Diversity and Inclusion Policy that does not allow any form of discrimination based on race, color, age, gender, marital status, ideology, political opinion, nationality, religion, sexual orientation or any other personal, physical, or social condition among its professionals. It also has an Officer Appointment Policy for the Board of Directors and its Committees, the goal of which is to ensure that suggested appointments to the board of executive officers also promote a diversified organization.

These initiatives are aligned with the commitments of the Global Compact and the Sustainable Development Goals (SDG), specifically SDG 5 (gender equality). As diversity and inclusion are considered strategic priorities for the group’s sustainable growth, diversity-related targets have been set for executive variable compensation.

#### a. Our Vision

Neoenergia companies promote diversity, equity, and inclusion with initiatives focused on talent, culture, and social contribution, helping its employees and stakeholders achieve an inclusive, innovative, and sustainable future for everyone in the energy sector.

## b. Guiding pillars



## c. Basic elements of diversity and inclusion

### Talent Pillar:

- Recruitment and selection group: ensure gender diversity on candidate lists and interview panels for senior positions.

### Culture Pillar:

- Train and develop awareness among employees with people management responsibility. This includes training in both unconscious biases and inclusive leadership.
- Inclusive and authentic communication that fosters dialog within the company.

### Social Contribution Pillar:

- Volunteer program and foundation initiatives focusing on underprivileged groups
- Promote interest in careers in Science, Technology, Engineering, and Mathematics.

### Metrics and Reports:

- Define and analyze key metrics that should guide decision making.
- Review and develop improvement plan based on relevant reports and indicators.
- Assess new opportunities for alliances and organizations with whom we can collaborate.

In March 2022, then Neoenergia CEO signed a statement in support of the Women Empowerment Principles (WEP). This is a UN Women and Global Compact initiative that reinforces the group's commitment to gender equality in its companies, the market, and community as a whole. WEPs are a set of guiding principles to promote gender equality based on international labor and human rights standards.

By signing this statement, the company committed to all seven premises: training corporate leaders focused on gender equality, fair and non-discriminatory handling, ensured health, safety, and well-being, promoting education, qualification, and professional development for women, support for female empowerment, and incentives for gender equality in the form of initiatives focused on communities and social activism. In addition, because of the profound impact of local cultures and the context of management diversity and inclusion, group companies also develop regional initiatives.

## Actions

### KEY DIVERSITY & INCLUSION INITIATIVES IN 2022



The Diversity Program promoted numerous activities to address the theme internally during the course of 2022, in particular:

**Diversity Month** - marked annually with guest lecturers and debates on the following themes: “Diverse employability”, “Is diversity a fad?” (for management only), “Stereotype dynamics”, “How breaking ableism and building self-esteem can influence career development”.

**Disclosure of content for discussing diversity and inclusion** - A guide on co-working with trans people and a guide to inclusive language, a campaign entitled “No prejudice here!” to reinforce a culture of confronting biased and discriminatory behaviors; the Junt+s Web app, a dedicated platform to share content with testimonials, information, diversity data, videos, and games is still going strong; campaigns to celebrate diversity-related dates with lectures, discussion rounds, videos, and podcasts to discuss and reflect on these themes. Throughout 2022 there were over 8,000 participations in diversity and inclusion events.

**Affinity groups** - The four affinity groups (race, women, LGBTQIA+, people with disabilities) continued to meet with employees from all over Brazil to discuss and contribute to planning diversity and inclusion actions.

**Junt+s Villages** - Welcoming environments led by the affinity groups on themes such as LGBT-Phobia in the work environment, motherhood, people of color, and career.

**Allies** - A group of employees was also created to help engage teams and peers in engagement and diversity.

**Paternity leave** - 20-day leave for same-sex couples, the same as existing paternity leave.

**Electrician School** - The Company offers all-women classes in the Neoenergia Coelba, Neoenergia Pernambuco and Neoenergia Brasilia Electrician Schools to encourage and support women to join a profession that is still very much dominated by men. This focused training allowed the company to hire more than 264 female electricians in 2022. This initiative was recognized as a global example of one of the Women Empowerment Principles (WEPs) by WeEmpower, a program of the UN Women program, the International Labor Organization (ILO), and the European Union to foster best practices in companies. Having completed this first drive to foster





the presence of women, Neoenergia believes it is possible to train mixed groups where both genders are equally represented.

## Female presence

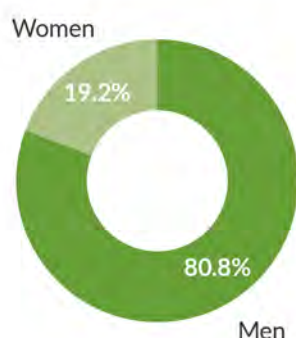
At year-end 2022, 19 of Neoenergia’s corporate teams were women. There were 117 women in direct leadership positions (directors, superintendents, and managers), or 29% of the total.

The goal is to have women fill 35% of leadership positions by 2030. There are 1,454 women in intermediate positions and in technically qualified positions (equivalent to 42%), and 1,386 (or 12%) in professional and support team positions. Women hold 20.9% of junior management positions (i.e. the first management tier), 7.9% of senior management positions (two levels from the CEO), 29% of executive director positions, and 24.3% of STEM (science, technology, engineering, and math) positions. Twenty-one percent of revenue-generating management positions are held by women. Black and mixed-race people make up 29.8% of the company’s leadership. In 2022 the mean salary for men was almost the same as the mean salary for women, with women ahead by 0.8%, excluding the salaries of the group’s electricians.

In addition, Neoenergia is the first exclusive sponsor of Brazilian women’s football, also supporting the national club competition, now known as the “Brasilia Feminine Neoenergia”.

### WORKFORCE BY GENDER

GRI 405-1



## Racial diversity

A race self-declaration census was performed in 2022. While all employees participated, the greater focus was on those in leadership positions.

### WORKFORCE BY RACE

GRI 405-1 | SDG 5.1, 5.5, 8.5

	Number	2022 %
Black	1,873	12.2%
Mixed race	6,907	44.8%
Indigenous	34	0.2%
White	5,985	38.8%
Asian	180	1.2%
Not stated	427	2.8%

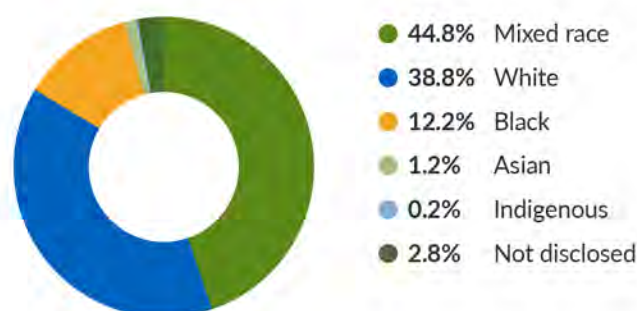
## EMPLOYEES IN LEADERSHIP POSITION BY RACE (%)

GRI 405-1 | SDG 5.1, 5.5, 8.5

	2022
Black	4.9
Mixed race	27.1
Indigenous	0.1
White	65.0
Asian	2.9

### WORKFORCE BY RACE

GRI 405-1



## Inclusion

**Novo Olhar (“New Look”)** - created in 2017, this program provides tutoring for young people with Down Syndrome at Neoenergia Pernambuco, and helps people with disabilities find jobs. In 2022, the company employed 526 professionals with disabilities (334 men and 192 women).

**Libras, Brazilian sign-language** To train inclusion agents and improve communication with the hearing impaired, the company’s learning portal offers a Brazilian Sign-Language (Libras) course available to all employees.

## Against discrimination

A campaign against discrimination and to value diversity, with the support of a comic strip that shows how discrimination affects the day-to-day lives of employees. The campaign helped to disseminate the Company’s Policy of Equal Opportunities and Reconciliation, which does not allow any form of discrimination based on race, color, age, gender, marital status, ideology, political opinion, nationality, religion, sexual orientation or any other personal, physical, or social condition among employees.

### 3.1.3.2 Reconciliation and policies regarding digital disconnection

Neoenergia fosters a healthy work-life balance, and believes it is coresponsible for family obligations. Thus it facilitates measures to enable family care and creating flexible working hours. The Human Rights Policy defines the guiding principles to ensure privacy and digital disconnection. The goal is to respect time off and make it easier for employees to develop their private lives in full, outside of working hours. The company tries to minimize any possible interference in family and leisure time; such intrusions are allowed only if fully justified.



The company adopts flex-hours, leaving employees free to choose the best period for them to work, depending on their position and so long as the team's needs are fulfilled; additional measures are in place to control overtime and/or extended hours, along with maternity and breast-feeding benefits.

Overtime is controlled by managers and by computer systems with a warning system that sounds after eight hours of work; lights and the AC are turned off at a certain time, and there are other measures to control overtime. Some employees are allowed to work from home for two days a week, and can take their vacation in three periods. Maternity leave has been expanded to six months, two more than the legal requirement, and paternity leave is 20 days, 15 more than the legal period.

**MATERNITY/PATERNITY LEAVE AND RETURNING THEREFROM**  
**GRI 401-3 | SDG 5.1, 5.4, 8.5 | PG6**

	2022		2021		2020	
	Men	Women	Men	Women	Men	Women
Employees entitled to parental leave (no.)	12,449	2,957	12,354	2,704	10,540	2,274
Employees entitled to parental leave (%)	100.0	100.0	100.0	100.0	100.0	100.0
Number of employees who took parental leave	577	140	469	84	316	75
Number of employees returning to work after parental leave	585	119	466	84	316	75
Employees who returned to work after parental leave ended that were still employed 12 months after their return to work	450	75	295	48	310	73
Return to work rate (%)	100.0	85.0	99.4	100.0	100.0	100.0

**3.1.3.3 Equal salaries**

Neoenergia respects the right to equal salaries, which is now one of its Equity, Diversity, and Inclusion Policy commitments. Men and women are ensured equal salary for the same type of work, and salary review criteria are the same for all genders. Collective bargaining agreements ensure men and women have equal starting salaries. Collective agreements ensure equal starting salaries for men and women.

The mean compensation of men and women at Neoenergia is very similar. The ratio of the mean salary for men to the mean salary for women was 0.8% in 2022. In 2020 and 2021 the difference was 0.1% and 0.2% respectively in favor of men, including both base salary and variable compensation.

**AVERAGE COMPENSATION<sup>1</sup> BY AGE GROUP AND GENDER (R\$ THOUSAND)**  
**GRI 405-2 | SDG 5.1, 8.5, 10.3 | PG6**

	Men			Women			Men/women (%)		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Up to 30	73,281	66,915	63,831	72,256	67,169	64,753	101.4	99.6	98.6
31 to 50	120,634	110,208	105,431	127,852	114,461	110,975	94.4	96.3	95.0
Over 51	170,504	138,321	145,287	194,940	163,799	150,542	87.5	84.4	96.5
Overall average	114,537	102,765	96,869	113,634	102,581	96,726	100.8	100.2	100.1

<sup>1</sup> Fixed salary, variable compensation, and benefits.

**AVERAGE COMPENSATION<sup>1</sup> BY EMPLOYEE CATEGORY (R\$ THOUSAND)**

GRI 405-2 | SDG 5.1, 8.5, 10.3 | PG6

	2022	2021	2020
<b>Direct leadership<sup>2</sup></b>	<b>105.5</b>	<b>100.9</b>	<b>105.7</b>
Men	503,167	451,111	445,929
Women	476,866	446,962	421,708
<b>Intermediate controls and qualified technicians<sup>2</sup></b>	<b>124.7</b>	<b>122.8</b>	<b>125.4</b>
Men	162,836	149,240	141,426
Women	130,607	121,500	112,788
<b>Support staff and teams<sup>2,3</sup></b>	<b>126.7</b>	<b>124.1</b>	<b>122.3</b>
Men	61,151	56,037	51,773
Women	48,267	45,139	42,318
<b>Mean total compensation</b>	<b>100.8</b>	<b>100.2</b>	<b>100.1</b>

<sup>1</sup> Fixed salary, variable compensation, and benefits.<sup>2</sup> Direct leadership: directors, department heads and managers; Intermediate controls and qualified technicians: managers, leaders, specialists and analysts; Professionals and support staff: administrative, technical and operational personnel.<sup>3</sup> Professionals and support teams excludes electricians.**ENTRY-LEVEL SALARY AS A PERCENT OF THE LEGAL MINIMUM WAGE (%)**

GRI 202-1 | SDG 1.2, 5.1, 8.5 | PG6

	2022	2021	2020
<b>Neoenergia</b>	<b>124.0</b>	<b>138.9</b>	<b>141.7</b>

As a general principle of its human resources model, Neoenergia promotes respect for legal and human rights in domestic and international legislation, ensuring decent work and wages.

The basic reason for the salary difference in certain age groups is due to the smaller percentage of women, which is quite common in the power sector in general, especially in management and technical positions. Neoenergia is taking the following measures to mitigate this reality:

- Equal professional development, with specific training plans for women;
- Including younger generations and promoting technology careers among minority groups;
- At promoting careers in science for young people and students who will become part of the talent pool Neoenergia can tap into in future;
- Reconciliation measures that benefit men and women equally so that they may be co-responsible for their families, creating the conditions necessary for this equality.
- Gradually increasing the number of women in management positions. The percentage of women directors and superintendents was 28.3% in 2022, and 23.1% in 2021. The percent women in leadership positions (including managers) went from 26.3% to 28.8%.

### 3.1.4 A safe work environment

#### GRI 3-3\_403, ex-EU16

To reinforce Health and Safety, which are fundamental values for Neoenergia, in 2022 the group reorganized. Its Health and Safety professionals previously allocated to hydro, wind, and liberalized are now part of the Resources area. Standardized policies and processes have already had an impact, with a larger number of inspections and audits, and migration to a single certifier, in line with Iberdrola guidelines. Furthermore, the number of accidents involving company employees dropped 12.1%.

Improved safety services, promoting an increasingly safe work environment is a target linked to the variable compensation of all group employees. Consistent with this, the “Life Above All” program remains the Company’s main internal accident prevention initiative. Among its safety activities Neoenergia has an annual Accident Prevention Week (SIPAT) event. The last two years this event was entirely online.

In 2022 this was a hybrid event with 15,147 in-person participants and 10,431 listening to online presentations. A high level of engagement resulted from creating awareness among leaders, the interactive format that was closer to the day-to-day activities of employees, and the inclusion of their families in the activities.

This program includes safety inspections, which have increased in number and rigor each year, reaching 28,424 inspections in 2022. During these inspections safety technicians observe the operations of employees and contractors, reiterating preventive practices and identifying opportunities for improvement.

To generate maps and indicators, technicians took into consideration compliance with legislation, leadership activities to ensure the safety of field teams, the role of CIPAS (internal accident prevention committees), the result of cross-referenced inspections and audits, and data on accidents. All the data is added to a database used to develop corrective and preventive measures in group operations.

#### 5 ESSENTIAL PRINCIPLES ON HEALTH AND SAFETY



**We follow**  
our processes,  
rules and  
procedures



**We foster**  
health and  
well-being, inside  
and outside the  
workplace



**We only accept**  
work we are  
qualified to handle



**We take care**  
of each other  
and work  
as a team



**We think**  
before we act:  
we assess and  
control risk

#### 3.1.4.1 Occupational health and safety management system

##### GRI 403-1 | SDG 8.8

Managing the company’s more than 15,406 employees and around 31,855 contractors with respect, fairness, and care, fostering a pleasant atmosphere of integration and individual development is part of the permanent focus of the Neoenergia’s people management function.

The Occupational health and Safety Management System is based on known hazards in the Environmental Accident Risk Prevention Program (PPRA) and the Identification of Hazards and Risk Assessment (IPar), and complies with ISO 45001:2018, covering all full-time and part-time, permanent and temporary employees,



contractors and visitors. The following activities are certified by third parties to ISO45001: light preventive and corrective maintenance of the distribution network, operation of hydropower dams and wind farms, and thermal plant operation and maintenance.

The associated legal risks are identified and controlled continuously, and city, state, and federal legislation is constantly monitored. This step is performed by a specialized consulting firm and information is provided via an electronic system.

In 2022, Neoenergia Brasilia and the transmission business, the two remaining units, were ISO 45001 certified. The six hydro-plants controlled by the company and 17 facilities in operation for more than two years retained their ISO 45001 (health and safety), 14001 (environment), and 9001 (management) certifications.

In general, all employees are covered by an Occupational Health and Safety system at their locations. However, there may be exceptions in certain locations due to local circumstances.

Currently, the group benchmarks its performance against the health and safety standards of the power sector, and is working with the association to create a category that recognizes health and safety for distributors in Brazil, and coordinates the ABRADÉE occupational health and safety working group.

**COVERAGE OF THE OCCUPATIONAL HEALTH AND SAFETY SYSTEM (DIRECT EMPLOYEES)**

GRI 403-8 | SDG 8.8|

	2022		2021		2020	
	No.	%	No.	%	No.	%
Employees covered by an occupational health and safety management system	15,406	100.0	15,058	100.0	12,187	95.1
Employees covered by an occupational health and safety management system subject to internal audit	15,406	100.0	15,058	100.0	12,187	95.1
Employees covered by an occupational health and safety management system subject to internal audit or third-party certification	7,378	47.9	5,717	38.0	3,361	26.2

**COVERAGE OF THE WORKPLACE HEALTH AND SAFETY SYSTEM (CONTRACTORS)**

GRI 403-8 | SDG 8.8|

	2022		2021		2020	
	No.	%	No.	%	No.	%
Employees covered by an occupational health and safety management system	31,855	100.0	27,993	100.0	33,861	100.0
Employees covered by an occupational health and safety management system subject to internal audit	31,855	100.0	27,993	100.0	33,861	100.0
Employees covered by an occupational health and safety management system subject to internal audit or third-party certification	2,212	6.9	2,161	14.4	975	7.6





**MAIN ELEMENTS OF THE HEALTH AND SAFETY SYSTEM**

Is a system in place	Yes
Reference regulation	None
Scope	Networks (distribution and transmission) Renewables (hydro and wind) Termopernambuco
Certification	ISO 45001
Are formal hazard identification procedures in place	Yes
Are hazard-related action plans in place	Yes
Are formal hazard notification procedures in place	Yes
Are there policies or processes in place for exiting situations that could result in injury or disease	Yes
Are there procedures underway to investigate workplace incidents	Neoenergia Procedures for Incident Communication and Handling

**ABRADEE Seminar**

Neoenergia Brasilia hosted the ABRADDEE Best Practices Seminar, which brought together over 60 professionals of 12 power distributors in all parts of the company to discuss sector safety. The goal of this meeting was to disseminate the measures and initiatives taken by sharing experiences and improvement ideas in employee health and safety, and in the services provided to consumers.

**3.1.4.2 Hazard identification, risk assessment, and incident investigation**

**GRI 403-2 | SDG 8.8**

Neoenergia has procedures to identify workplace health and safety hazards, and for analysis and prevention of occupational hazards. These are controlled through internal and independent audits to ensure their quality and effectiveness. The results of these audits and controls are used to develop action plans, improve the management system, or disseminate best practices.

The process to identify hazards and to evaluate risks is supported by Preliminary Risk Analyses and Hazard Identification and Risk Assessments to inform effective control measures and reduce the degree of impact. This process is described in technical guidelines and procedures performed by trained professionals who attended alignment meetings.

Employees have a system to report occupational hazards with specific procedures for each location. In no case may hazard reporting lead to retaliation or harm the employee in any way, as this practice is part of the company’s culture of prevention.

According to this culture all employees are instructed to never proceed with any hazardous work unless they have the means and knowledge necessary to mitigate or eliminate the effects of such hazards. Workers at all locations are empowered to report and stop any work if they feel the situation is unsafe.

Whenever a hazard the team cannot eliminate or control is identified, the activity may be temporarily or definitively suspended until the cause of the lack of safety is resolved. Thus the team will use the right to refuse with support, as per Regulatory Directive 10 (NR 10) and the Health and Safety Policy.

When an incident is reported, its possible root causes and contributing factors are investigated and procedures taken to monitor and complete the corrective measures resulting from this investigation.

**GRI 403-7 | SDG 8.8**

Because of the commercial relationship it has with its suppliers, Neoenergia seeks to ensure the highest standards of occupational health and safety among its contractors to avoid any significant impact on workers. Thus, all occupational hazard assessment and prevention measures extend to contractor employees, thus ensuring they fulfill all workplace health and safety requirements. If a supplier does not have a certified management system contracting this supplier may be postponed until specific plans to avoid any hazards are in place and under the control of Neoenergia.

**3.1.4.3 Occupational health services****GRI 403-3 | SDG 8.8**

Neoenergia has health services at all locations to avoid the employee hazards and risks identified. In addition, access to medical and health care services is facilitated by clinics accredited by the health care plan, and suppliers of occupational health services.

The goal is to promote and preserve worker health, and to track and diagnose workplace related issues and chronic diseases as early as possible. Campaigns include vaccination against the flu, cancer prevention (Pink October, Blue November), and access to physical activities via Gympass.

**3.1.4.4 Employee participation, consultation, and communication on occupational health and safety****GRI 403-4 | SDG 8.8, 16.7**

Neoenergia employees participate in safety procedures via a Preliminary Risk Analysis (PRA) performed prior to any activity, and via incident reporting, safety observations, meetings of the Internal Accident Prevention Committees (CIPAS), and by joining multidisciplinary teams to manage non compliances.

All employees are represented at CIPAS, which also include representatives of the company. There are procedures that determine the criteria for accident, incident and other event notification, investigation, and analysis with company staff and contractors. All employees are represented at safety meetings.

Each distribution and transmission company has a Local Safety Committee that meets twice a month to address regional matters, which are then taken to a Strategic Committee, which meets once a month. In Renewables (hydro and wind), local committees meet once a month. These bodies define policies and guidelines, in line with workplace health, safety, and quality of life guidelines, promoting measures to ensure the physical health and integrity of employees, partners, and the population at large. These committees are comprised of representatives of the different areas, led by a coordinator appointed by the company.

**EMPLOYEES REPRESENTED IN HEALTH AND SAFETY COMMITTEES (%)****GRI 403-4 | SDG 8.8, 16.7**

	2022	2021	2020
Neoenergia	100	100	95.1



### 3.1.4.5 Employee training on occupational health and safety

#### GRI 403-5 | SDG 8.8

From time to time the company offers virtual or in-person courses on general and relevant safety themes to all employees, based on their role and needs. Online safety courses are required and are part of annual variable compensation and bonuses.

Working in heights, electrical installation safety, and defensive driving are some of the periodic training provided to meet regulations. Contractor training is the responsibility of contractors, and follows the specifications defined by Neoenergia. In 2022, 24,309 people, between employees and contractors, attended 2,876 classes totaling 849,236 hours of training.

Training needs are regularly identified to make sure all employees have the knowledge they need to safely perform their roles. Most courses combine theory and practice. In addition, to create a common leadership model, in 2022 a global health and safety leadership course was given to all managers.

### 3.1.4.6 Fostering worker health

#### GRI 403-6 | SDG 3.3, 3.5, 3.7, 3.8

Neoenergia provides all workers with the material means to promote health and organize non-company sports activities (announced and promoted on the company intranet), and also sponsors sports teams. The Global Health and Well-Being Practices group was created to define common guidelines for this area, and includes representatives of medical services specializing in this area from different countries.

There are agreements with private entities that offer health care for employees and their immediate families, medical expense policies, life insurance, and counseling on health issues, among other services. It also seeks to involve employees in health and well-being activities such as exercise.

To mitigate potential health hazards not related to work, volunteer health promotion services and programs are available, such as campaigns to develop awareness of healthy habits (smoking, nutrition, etc.), corporate campaigns and benefits to access sports facilities, and disease prevention campaigns (mental health, cancer, cardiovascular diseases, vaccine campaigns, etc.).

The following programs continued in 2022:

**Gympass** – a complete corporate benefit that offers employees and family members different options for physical and mental well-being.

**Mais Apoio (“More Support Program”)** - Offers counseling, support, explanation, information and any other support employees need during situations of stress, depression, anxiety, and insomnia, among others. This is available free of charge. The Mental Healthcare Program was implemented in all hydro plants.

**Pregnant Women** – A program of health education for pregnant women, monitored by a specialized team of nurses.

### 3.1.4.7 Accident rate and absenteeism

Structural changes, the use of technology and cameras to monitor operations, an increase in the number of inspections and audits, and ISO 45001 certification all contributed to a lower accident rate in 2022. A total of 116 injuries involving employees and 350 injuries involving third party workers were registered in the year, a



12% and 12.5% drop, respectively. There were two fatal injuries among Neoenergia Coelba contractors, and three in the transmission business. Neoenergia has been paying special attention to reduce accidents in transmission, a growing area that requires that labor be trained in safety standards and behaviors with the same rigor as distribution.

Injuries are recorded as the rate of lost-time and no-lost-time injuries, which consolidates the number of injuries and incidents within a given period. They are classified as lost-time injuries (LTI), medical treatment cases (MTC), and restricted work cases (RWC). Indicators are fed into a software system that is transitioning to improved performance and global standardization.

In addition to efforts to achieve Neoenergia's goal of zero accidents, the safety department is in charge of monitoring absenteeism (due to disease or injury), and for employee participation in the quality of life programs offered by the company.

**EMPLOYEE INJURY RATE**  
**GRI 403-9 | SDG 3.6, 3.9, 8.8, 16.1**

	2022	2021	2020
<b>Number of injuries (no.)</b>	116	132	103
Men	101	125	94
Women	15	7	9
<b>Lost time (no.)</b>	7	13	9
Men	7	12	8
Women	0	1	1
<b>High consequence (no.)</b>	0	1	1
Men	0	1	1
Women	0	0	0
<b>Fatal (no.)</b>	0	3	2
Men	0	3	2
Women	0	0	0
<b>No lost time (no.)</b>	109	119	94
Men	94	113	86
Women	15	6	8
<b>Number of hours worked</b>	35,932,481	34,221,127	23,847,941
<b>Number of lost days</b>	510	983	214
<b>Frequency rate (FR) <sup>1</sup></b>	0.19	0.38	0.38
<b>Severity rate<sup>2</sup></b>	0.01	0.03	0.01

<sup>1</sup> Frequency rate: (lost-time injuries/hours worked) x 1,000,000.

<sup>2</sup> Severity rate: (days lost per injury from the first lost day/hours worked/number of hours worked) x 1,000.



## RATES OF WORK RELATED INJURY AMONG EMPLOYEES

GRI 403-9 | SDG 3.6, 3.9, 8.8, 16.1 | SASB IF-EU-320a.1

	2022	2021	2020
<b>Fatality rate <sup>1</sup></b>	0.00	0.02	0.02
Men	0.00	0.02	0.02
Women	0.00	0.00	0.00
<b>Rate of high-consequence workplace injuries<sup>2</sup></b>	0.00	0.01	0.01
Men	0.00	0.01	0.01
Women	0.00	0.00	0.00
<b>Workplace injuries rate <sup>3</sup></b>	0.26	0.44	0.61
Men	0.29	0.50	0.69
Women	0.12	0.16	0.30

<sup>1</sup> Fatality rate = Number of deaths due to workplace injury/number of hours worked x [200,000].

<sup>2</sup> High-consequence injury rate (excluding deaths) = Number of high-consequence workplace injuries (excluding deaths) /number of hours worked x [200,000].

<sup>3</sup> Rate of reportable workplace injuries = number of reportable workplace injuries (except first-aid)/number of hours worked x [200,000].

## INJURY RATE AMONG CONTRACTORS

GRI 403-9 | SDG 3.6, 3.9, 8.8, 16.1

	2022	2021	2020
<b>Number of injuries <sup>2</sup></b>	350	300	273
Lost time	43	22	16
No lost time	307	278	257
High consequence	7	3	1
Fatal	5	1	1
<b>Number of hours worked</b>	61,485,680	61,131,615	57,564,858

<sup>1</sup> Frequency rate: (lost-time injuries/hours worked) x 1,000,000.

<sup>2</sup> The increased injury rate is primarily the result of contracting for transmission work. As a reaction to this increase a Zero Accident Plan was created by health and safety, plus a representative of this business. This is a specific plan to reduce transmission accidents, and already showed results in the last two months of 2022.

## RATES OF WORK-RELATED INJURY AMONG CONTRACTORS

GRI 403-9 | SDG 3.6, 3.9, 8.8, 16.1 | SASB IF-EU-320a.1

	2022	2021	2020
<b>Fatality rate <sup>1</sup></b>	0.02	0.00	0.00
<b>Rate of high-consequence workplace injuries<sup>2</sup></b>	0.02	0.01	0.00
<b>Workplace injury rate</b>	0.47	0.57	0.80

<sup>1</sup> Fatality rate = Number of deaths due to workplace injury/number of hours worked x [200,000].

<sup>2</sup> High-consequence injury rate (excluding deaths) = Number of high-consequence workplace injuries (excluding deaths) /number of hours worked x [200,000].

<sup>3</sup> Rate of reportable workplace injuries = number of reportable workplace injuries (except first-aid)/number of hours worked x [200,000].

## OCCUPATIONAL DISEASE AMONG DIRECT EMPLOYEES (No.)

GRI 403-10 | SDG 3.3, 3.4, 3.9, 8.8, 16.1

	2022	2021	2020
Fatality due to occupational disease	0	0	0
Occupational diseases	1	0	1
<b>Total</b>	1	0	1

## THIRD PARTY CONTRACTOR OCCUPATIONAL DISEASE (No.)

GRI 403-10 | SDG 3.3, 3.4, 3.9, 8.8, 16.1

	2022	2021	2020
Fatality due to occupational disease	0	0	0
<b>Total</b>	0	0	0



## 3.1.5 Training and professional development

GRI 3-3\_404, EU14

### 3.1.5.1 Strategic training panel

GRI 404-2 | SDG 4.3, 4.4, 4.5, 5.1, 8.2, 8.5, 10.3 | PG6

Neoenergia's commitment to training and development covers all professional categories and all levels of responsibility. This theme is considered key for the company's success, as it directly impacts business outcomes.

Neoenergia offers a range of skills-building programs that equip employees to perform their tasks and help to create a culture of individual development, value creation and continuous improvement, as well as preparing employees to take on new roles in the future.

Training activities are jointly defined by department leaders and Human Resources, and always focus on meeting the needs of each business, based on the premise of strengthening the culture of continuous learning. In addition to mandatory training, the following are available either online or in person: language programs, onboarding, incentives for undergraduate, technical, MBA, and graduate courses, and activities to improve technical and behavioral skills.

Digital tools are increasingly used to facilitate and encourage employee ownership of their development, through company platforms that offer online courses on topics such as change management and agile methodologies, and webinars that are open to all organizational levels. Recognizing that people learn in different ways, the company uses the 70/20/10 Learning Model (70% on-the-job experience, 20% interactions and 10% formal education).

#### a. Model for principles and behaviors

The Neoenergia culture model is supported by six behaviors that are defined and described for the different professional levels. Workers have the references they need to perform and develop at all times. These behaviors are:

- Lean and develop
- Training for growth
- Share to evolve
- Influence to be a role model
- Focus on delivering results
- Simplify to be agile

This model is the basis for all human resource procedures (selection, training, development, and performance) at the global and local level. The company organized an intensive communication campaign to ensure employee understanding and engagement with this behavioral model, and organized recognition activities in various formats to reinforce the importance of this behavioral model among its employees.

#### b. Professional development programs

Development is recognized as the main lever of business sustainability. For this reason training and development strategies are designed collaboratively between HR and the business areas, based on the following key premises:

- Alignment with personal, professional, and employability goals.





- Acquisition or development of new skills/capabilities in light of industry changes and evolving technology.
- Onboarding for new employees.
- Access to internal job opportunities.

To strengthen the connection between training, development, and business strategy, in 2022 a Strategic Capabilities Journey was created, the result of the business areas prioritizing those skills that should be strengthened to support strategies. Given the commitment to enable talent, over the year R\$ 13 million were spent on development—a total of 1,369,546 hours, 5% more than offered in 2021. On average, each company employee received 90.28 hours of training.

No transition or end-of-career programs were offered for exiting or retiring employees.

### **c. Coaching and mentoring program**

Mentoring programs involve employees with vast experience and specific knowledge who will guide others with less experience or who need to increase their knowledge of a specific area to accelerate the process. It not only develops the employees involved, but makes significant contributions to knowledge management and a culture of collaboration.

In 2022 the company completed its second global Digital Mentoring Program, an initiative that seeks to contribute to Iberdrola's digital transformation, connecting employees who need support in digital transformation and innovation projects with others who already have experience in these matters.

The initiative also helped the company's inclusion strategy by involving employees of different generations, genders, and cultures. Eighty-seven people participated this year, 44% from different countries and 47% from different generations. To continue his program a call for a third year was issued in November 2022.

Another initiative that started in 2022 was the women mentoring program for a pre-selected group of women to strengthen the premise of equal opportunity across genders.

Competencies related to business strategy, such as new technologies, knowledge management, transforming leadership, change management, resilience, diversity, and inclusion were addressed through the global digital mentoring program and the mentoring activities of the various countries. Together, the seven local programs involved 100 peers and 1,000 hours of their time.

### **d. Specific training for executive directors**

Neoenergia and Iberdrola offer managers the possibility of participating in development programs offered by some of the best international schools and institutions:

- Energizing Leadership is an advanced management program offered by the Esade Business School.
- Leadership Transformation is offered by IESE and the IMD Business School.
- Nexus, together with IMD, offers training resources such as C-level round tables across the world.
- The offering of Digital Master Classes for the entire management across the world was reinforced. These are online events given by renowned specialists from around the world. Last year some 340 professionals participated.

To ensure that the complex agenda of managers is not a hindrance to continue their development, the company provides an infinity of resources of different formats and platforms to enable access to quality and relevant resources to reinforce their leadership skills.



### e. Leadership development

For the fourth consecutive year, Neoenergia provided training within its *Lidera* program to develop and align leaders with company strategy and culture, creating an environment of continuous learning.

Focused on developing leaders at all levels (supervisors, managers, superintendents, and directors), *Lidera* covered the entire talent bank in 2022. The program was offered in-person for senior and middle management, and online for the first level or entry-level of management.

Seventy percent of senior and middle managers participated in the opening event of 2022, followed by 13 groups trained in market themes (1 for executive directors, 1 for directors, 3 for superintendents, and 8 for managers), with the participation of 354 leaders (84% participation rate), and 97% satisfaction with the program. Satisfaction increased ten percentage points compared to previous years, and in 2023 modules on people and strategy will be added.

For entry-level managers, the themes in 2022 included leadership and health and safety. The company also launched an “Execution” training track to expand their vision of the company’s strategic processes, with training in economic-financial analysis, change management, and labor relations. The participation rate was 7% and the satisfaction rate was 94%.

In line with the company’s commitment to human rights, leaders were trained in the Code of Ethics, reinforcing that Neoenergia will not tolerate bullying and harassment.

#### HOURS OF TRAINING BY EMPLOYEE CATEGORY AND GENDER

[GRI 404-1](#) | [SDG 4.3, 4.4, 4.5, 5.1, 8.2, 8.5, 10.3](#) | [PG 6](#)

			Men		Women	
	2022	2021	2020	2022	2021	2020
Direct leadership (hours) <sup>1</sup>	22,874	27,206	18,556	9,753	9,249	6,093
Intermediate controls and qualified technicians (hours) <sup>1</sup>	122,780	123,239	80,478	81,898	83,241	60,702
Support staff and teams (hours) <sup>1</sup>	979,462	935,987	766,494	152,779	128,999	91,598
<b>Total training hours (hours)</b>	<b>1,125,116</b>	<b>1,086,433</b>	<b>865,528</b>	<b>244,430</b>	<b>221,489</b>	<b>158,394</b>
Direct leadership (no.)	79.11	86.10	70.55	88.66	81.13	62.17
Intermediate controls and qualified technicians (no.)	63.24	61.07	45.96	59.65	60.23	49.59
Support staff and teams (no.)	96.82	89.11	88.12	113.98	97.00	93.00
<b>Average hours of training per employee (hours)</b>	<b>91.1</b>	<b>84.6</b>	<b>80.8</b>	<b>86.6</b>	<b>78.3</b>	<b>68.6</b>

<sup>1</sup> Direct leadership: directors, department heads and managers; Intermediate controls and qualified technicians: managers, leaders, specialists and analysts; Professionals and support staff: administrative, technical and operational personnel.

#### DEGREED EMPLOYEES BY EMPLOYEE CATEGORY AND GENDER (No.)<sup>1</sup>

[GRI 404-1](#) | [SDG 4.3, 4.4, 4.5, 5.1, 8.2, 8.5, 10.3](#) | [PG 6](#)

			Men		Women	
	12,916	12,838	10,712	3,139	2,830	2,308
Direct leadership <sup>1</sup>	320	316	263	124	114	98
Intermediate controls and qualified technicians <sup>1</sup>	2,156	2,018	1,751	1,558	1,382	1,224
Support staff and teams <sup>1</sup>	10,440	10,504	8,698	1,457	1,334	986

<sup>1</sup> Direct leadership: directors, department heads and managers; Intermediate controls and qualified technicians: managers, leaders, specialists and analysts; Professionals and support staff: administrative, technical and operational personnel. Total employees trained includes those trained in 2022 but who left the company, thus the total number exceeds the headcount.



Training is specific and is aimed to closing the skill gap across the different professional profiles on the team. The difference in mean hours between men and women is due to the large number of hours for support teams, which are 81% male due to the large number of electricians.

### 3.1.5.2 Performance assessments and professional development

Performance assessments and feedback to employees are considered essential components of professional development. Formal assessments are performed periodically, depending on the professional category and level of responsibility.

#### a. Leadership

- Assessment by objectives (What): measurable, quantifiable and specific goals to be achieved throughout the assessment period, related to the company’s objectives.
- Performance assessment (How): assessment of the employee’s performance in pursuing the objectives, which must be aligned with Neoenergia’s purpose.

#### b. Qualified technicians, other professionals, and support staff

- Performance assessment (How): assessment based on a number of personal skills, which must be aligned with Neoenergia’s purpose.

These procedures are based on a corporate tool supported by SAP, which enables managing the assessment procedures. Thus, all users involved in the procedures (employees, evaluator, and HR) may work together in real time. Furthermore, the main advantage of this tool is that it enables standardizing and unifying guidelines and application criteria.

Employees joining in the last quarter of the year are not eligible for that year’s performance assessment.

#### EMPLOYEES WITH PERFORMANCE REVIEWS (%)

GRI 404-3 | SDG 5.1, 8.5, 10.3 | PG6

	2022	2021	2020
<b>Men</b>			
Direct leadership	94.1	90.9	93.1
Intermediate controls and qualified technicians	87.7	88.7	88.4
Support staff and teams	88.3	73.3	80.3
<b>Average for men</b>	<b>88.3</b>	<b>76.0</b>	<b>81.9</b>
<b>Women</b>			
Direct leadership	91.5	88.9	96.8
Intermediate controls and qualified technicians	84.6	87.8	87.9
Support staff and teams	72.4	62.3	80.2
<b>Women</b>	<b>79.1</b>	<b>75.5</b>	<b>84.9</b>
<b>Neoenergia</b>	<b>86.6</b>	<b>75.9</b>	<b>82.5</b>

## 3.2 Quality and safety for our customers through innovation and digitization

### 3.2.1 R&D, innovation, and digital transformation projects

GRI ex-EU8 | SDG 7.2, 7a, 7b, 9.4, 9.5, 17.7

Innovation is a priority in order for Neoenergia to ensure sustainability, efficiency, and competitiveness, and lead in the development of products, services, and business models that allow it to address challenges and capture opportunities in transforming the electric power industry. The company sees innovation as a decentralized and open process that is consistent across all business lines.

Neoenergia’s innovation strategy is aligned with its sustainable development goal focused on renewable energies, and on capturing opportunities that enable business digitization and automation. It also believes in emerging technologies and driving the digital transformation of its business to achieve the UN’s 9<sup>th</sup> and 13<sup>th</sup> Sustainable Development Goals (SDGs) - Industry, innovation and Infrastructure, and Climate action.

Innovation governance has the support of the Go In collaborative platform created in 2021 and a technology solution to manage the innovation portfolio, encouraging diverse ideas to seek promising solutions for the company’s businesses and the power sector in general.

In 2022 Neoenergia invested R\$ 164.3 million in R&D&I. These efforts are organized around five major lines, which in turn are aligned with the fundamental vectors for energy transformation, decarbonization, and electrification of the economy.





In 2022 Neoenergia participated in Inova 2030 - Young Innovators in SDG, a program of the United Nations Global Compact. Working with Fundação Dom Cabral (FDC) and the League of Entrepreneurs, this initiative identifies and develops young entrepreneurs, accelerating ideas with the potential to transform and collaborate with the UN Sustainable Development Goals (SDG).

Neoenergia Lab, launched in the previous year to explore challenges and develop functional solutions, remains active. This initiative is led by scholarship students at the Federal University of Rio Grande do Norte, technically tutored by professors and Neoenergia employees to understand and propose technological solutions for the company's real-world challenges.

The company is among the top ranked in innovation in Brazil according to the 2022 Top 100 Open Corps. This award is given by 100 Open Startups to the leading companies in open innovation with startups in Brazil. Between July 2021 and June 2022 Neoenergia interacted with over 47 startups. Examples of projects developed are:

- Customized and integrated Digital Twin solutions using drones, computational vision, and artificial intelligence. Developed by Automa, winner of the Non-Technical Losses Startup Challenge.
- Engagement with conscientious consumption using smart meters to generate credits. Dispor Energia, selected through the city of Salvador Zero Carbon City Call for Projects, with Senai Climatec designing a proof of concept.
- Still on the topic of conscientious consumption, the pilot Educational Platform for Conscientious Performance, a partnership with Smartiks, aims to change consumer habits through real time monitoring and educational content.

Another significant open innovation project is *Coralizar*, an effort with startup Biofábrica de Corais. This WWF-Brazil and Neoenergia Institute initiative focuses on restoring, maintaining, and adapting coral reefs as a priority agenda for Brazil. Another Neoenergia Institute project, an Educational Practices and Ideas Exchange [*Balcão de Ideias e Práticas Educativas*] uses social innovation to promote education in a range of cities and towns where the company is present.

## Research & Development

Under Law no. 9,991/2000, as amended by Law no. 14,120 (dated March 1, 2021), and regulations issued by the Brazilian power sector regulator, ANEEL, distribution companies are required to allocate 0.5% of their net operating revenue (NOR) to research and development (R&D) programs and 0.5% to energy efficiency (EE) programs. Generation and transmission companies are required to allocate 1% of NOR to R&D alone.

Neoenergia's Research & Development (R&D) Program revolves around five strategic areas: Smart Technologies, Safety, Energy Recovery, Quality and Reliability, and Business Sustainability—and is in line with the company's strategy of delivering practical and tangible results.

Neoenergia's R&D Program has developed products that are both used by group companies and sold under technology licenses to other companies in the Brazilian power sector.

In 2022 the Company invested R\$ 219.4 million in its ANEEL-regulated R&D Program, including R\$ 83 million in developing projects at Neoenergia companies, R\$ 76 million allocated to the National Scientific and Technological Development Fund (FNDCT), R\$ 38 million allocated to the Ministry of Mining & Energy (MME) and R\$ 23 million paid into the Energy Development Account (CDE).



## R&D HIGHLIGHTS

	2022	2021	2020
Sale of products deriving from R&D	5,104	3,651	NA
Number of units	5,104	3,651	NA
Number of software licenses	0	0	NA
Royalties (R\$ thousand) <sup>1</sup>	91	13	NA
Number of patent applications	19	6	NA
New revenue streams (R\$ thousand)	6,898	5,677	NA
Cost savings (R\$ thousand)	1,037	3,875	NA

NA: Not available.

<sup>1</sup> The increase in royalties reflects growth in equipment sales in 2022.

Selected innovation initiatives are presented below by Business.

### 3.2.1.1 Renewables

Innovation efforts in Renewables are focused on process digitization and automation of tasks, such as deploying new technology for failure prediction and equipment and facilities inspections. The goal is to maximize profitability while minimizing safety risks for people and equipment.

#### Hydroelectric and offshore generation

Neoenergia's **Hydrodigital R&D** program is using artificial intelligence and data from turbine sensors to assess and inform regulatory incentives to improve generation performance. The project, once complete, can help to increase annual generation output and/or capacity reserves. Another innovation project using artificial intelligence is **SIPRO (Integrated Forecasting, Repair and Optimization System)**, which is developing a tool that uses sensor data to identify faulty equipment operation and prevent outages due to faulty components. The project will also help to plan scheduled maintenance to reduce downtime, positively affecting the rates charged for the company's hydroelectric assets.

In environmental initiatives, one of the company's standout projects is using biotechnology innovation to **control populations of golden mussels** in hydroelectric reservoirs, by breeding infertile specimen as a way to drive population decline. This will help to prevent equipment fouling in areas such as water intakes, air radiators and grills.

In the area of safety, one of the company's R&D projects is developing a georeferenced smart management system for **Dam Safety Plans (PSB)**. The system will assist in activating teams, managing instrumentation and assessing dam risks, supporting decision-making. Another safety-related initiative is a **smart radar** system installed upstream from the Itapebi dam. The system is designed to improve dam safety by monitoring a 1 km upstream section of the river from the spillway, improving safety for both the dam and the surrounding community.

In Offshore operations, one of the company's stand-out projects is using **LiDAR (Light Detection and Ranging)** to collect and process information on metocean—wind, tide and climate—conditions near wind turbines. This data is being used to inform the development of offshore wind farms in Brazil.





## Wind and solar generation

Neoenergia is currently developing a **floating solar farm in Fernando de Noronha**, in another pioneering innovation initiative. With a planned installed capacity of 630 kWp and an annual generation output of 1,238 MWh/year, Fernando de Noronha will host Brazil's first floating photovoltaic solar farm in an islanded power system.

Neoenergia's **Renewables Operation Center (CORE) Operational Intelligence Program** is deploying artificial intelligence combined with big data through the PI System. The program comprises a set of initiatives to automate routine processes, free up operators and maximize power output through optimal planning of preventive maintenance on generation assets.

A **Virtual Reality Device** project is implementing remote online support via voice commands using virtual reality. The primary benefits from the project are a significant reduction in travel expenses and time taken provide technical support.

Among the company's projects to improve process efficiency, Neoenergia's **Wind Turbine Performance and Automated Reporting WebApp 1.0** is a prime example. The tool was developed in partnership with Iberdrola Innovation Middle East, in Qatar, to automate windfarm performance analysis across the group, helping to identify potential operational issues affecting wind turbines. The tool will help to improve crew productivity and optimize asset management. Another stand-out example is Neoenergia's **Hybrid Wind Development** project. The project consists of a methodology and tool for hybridizing operational wind farms with new photovoltaic farms, standardizing and automating calculations of energy losses from hybridization. A new **Permit and License Tool** is another product that has provided important efficiency improvements. This project has implemented a project information management system for use in managing documents, schedules and action plans for each stage of the environmental licensing and permitting process.

In social innovation, a **Low Income Solar** project is installing two photovoltaic farms, with a capacity of up to 2 MWp each, at two remote sites in Bahia and Pernambuco. The projects will serve customers living in low-income communities, who will benefit directly from reduced monthly electricity costs. Indirectly, the project will also help to reduce commercial losses by normalizing power supply to illegally connected customers.

### 3.2.1.2 Networks

Innovation in Networks is geared toward developing and implementing new technologies and services to transform the customer experience by providing efficient and personalized digital channels, as well as advancing the expansion of Smart Grids and helping to deliver electricity in a more efficient, sustainable, economical and safe manner. In addition, Neoenergia regularly identifies new opportunities to further automate assets and digitize processes.

Among the company's Network initiatives delivering a positive environmental impact is "**Ecopole**", project that is pioneering the recycling of concrete materials in the power sector. The project aims to fully recycle decommissioned utility poles. Another innovative project, called **Owl Guard**, is helping to improve harmonious coexistence between the company's networks and wildlife. This project has developed a prototype artificial owl to scare away birds attempting to build nests on power lines, causing power outages as a result of short-circuits. After installing the artificial owls, there were no further power outages caused by bird nests.

Other significant R&D projects delivering environmental benefits include the three described below. The **Lear's macaw** project is developing sustainable, eco-efficient solutions to help this parrot species coexist with



distribution power lines, and will also implement a conservation program for the species. The company's **Climate Forecasting** project is building an algorithm and computer application that combines numerical models with machine learning techniques to accurately predict air temperature and thermal sensation, supporting more accurate energy market projections. Neoenergia's **PCB Management** project developed a computational system for managing and monitoring equipment fleets using synthetic oils containing polychlorinated biphenyls (PCBs) or contaminated mineral/vegetable oils in Neoenergia Brasilia's distribution system.

The company's **Electric Mobility Program** includes R&D projects aimed at expanding electric vehicle recharging infrastructure and developing new solutions, such as an **Electric Truck**. This truck has an electro-hydraulic bucket for power line maintenance, and an intelligent system that ensures safe and efficient recharging on the low-voltage network. Another stand-out R&D project is **Green Trail** in Fernando de Noronha, which aims to create sustainable solutions and business models for tourist activities, public services, and for Neoenergia Pernambuco's operations on the island. This project will use electric vehicles and charging stations distributed in strategic locations on the island, ensuring a reliable supply through renewable sources with a power storage system. Lastly, the **Green Corridor** project is installing electric vehicle charging stations across the Northeast of Brazil, with 17 stations installed so far. This has created the first electric vehicle-ready highway in the Northeast, stretching over 1,200 km from Salvador (BA) to Natal (RN).

In the area of safety, a Robotic Arm R&D project is helping to improve safety in line maintenance by enabling tree trimming operations near live lines using a remotely operated robotic arm, improving safety and efficiency. To help prevent electrical accidents involving field crews, especially when working near live 69 kV lines, the company is developing a **Proximity Sensor** for line work buckets and a processing system that will actuate and sound an alarm to avoid unsafe situations.

Another safety-related project, called **Smart Safety Eye**, is developing an artificial intelligence system to identify unsafe behavior involving field crews, such as not wearing or improperly wearing personal protective equipment (PPE) and incorrect procedures. A **Substation Grounding Measurement** project is developing a system to measure the impedance of a substation grounding system without having to shut down the substation, helping to prevent hazards for maintenance crews. Another significant project is using **body cams** to improve electrician safety in high-risk locations and for recurring work orders. The cameras can capture and record both video and audio. After implementing a pilot at Neoenergia Pernambuco, the project will now be rolled out at other group distribution companies.

On the social front, a key project was completed in 2022. This project developed a microgrid consisting of a central solar power and battery storage system and a distribution network as an alternative to meet regulatory obligations within the Light for All Program (LPT). The microgrid now benefits 113 consumers in the backlands of Bahia with a safe and high-quality power supply for previously underserved communities, supporting local economic and social development.

In 2022 the company also completed its **Smart Electricity Storage System (SIAE)** project, a lithium-ion battery storage system used to optimize the dispatching of thermal power plant generators in Fernando de Noronha by maximizing the use of the centralized solar farms and distributed generation on the island.

Among the company's digital transformation initiatives, an especially noteworthy project is **SISCON**, a program now implemented at Neoenergia Pernambuco and Neoenergia Cosern. This program is modernizing information infrastructure and standardizing operation processes using an advanced distribution management solution at operation centers and in field activities. Among the company's initiatives to improve operations efficiency is a program, called **ImplantaÇÃO**, that is implementing data handling and analytics, process digitization and reviews and automation solutions, as well as catalyzing improvement in both new and mature projects to maximize results.



Another initiative focused on process digitization and efficiency is **GLORIAN**, a system for recording and managing payments of regulatory charges under transmission and distribution system usage agreements. In addition to the above, the Networks business has developed a range of other significant projects spanning algorithms, statistical models, analytics and process automation.

An asset maintenance program, called **PERGAMON**, is creating a substation asset management center that will use a system for collecting, storing, evaluating, and controlling monitored equipment data. The system will generate automatic maintenance orders and predict equipment failure, avoiding outages and the need for emergency maintenance. Another stand-out R&D project is using **self-charging unmanned aerial vehicles** for assessing, inspecting and inventorying low voltage assets and high voltage transmission lines. These unmanned aerial vehicles can automatically and remotely inventory assets such as transformers, insulators, conductors and other assets, and perform inspections on distribution lines, utility poles and public lighting systems. A Smart Integrated Management System collects information to generate reports on asset losses and maintenance.

On the data science front, we highlight a **meter failure analysis** project that is using statistical methods to estimate the residual useful life of the company's meter fleet based on meters' year of manufacture. The model identified that aging meters increase electricity consumption by approximately 4%.

A **pilot-run meter verification unit** project developed and delivered 24 ADR 9000 units that Neoenergia distribution companies can now use to verify power meters in the field without having to disconnect power supply to consumers.

To mitigate the impact of distributed generation on the grid, one of the company's R&D projects developed a transformer with **automatic taps**. The newly designed transformers can automatically switch taps depending on secondary voltage levels, providing benefits such as reduced costs in network infrastructure works, and a reduced risk of financial compensation and reimbursement being required as a result of poor power supply quality.

New apps and digital systems to improve network operation and maintenance are playing a key role in modernizing the grid, making it safer, more reliable and more data-driven. **Inspector Boris**, for example, is a modular app that provides field crews with key information to help them identify customer connection issues (fraud or defective meters), supporting revenue recovery for the company and consequently reducing losses for distributors. Another related project has developed a new **Public Lighting System Portal**, an online tool for digital, automated, and shared data management and for standardizing lighting system operations and tasks, improving interactions with municipal governments and telecommunications carriers.

**IAN (Inteligência Artificial da Neoenergia)** is an artificial intelligence chatbot created to facilitate access to information such as construction invoices, project assessments, environmental licensing processes, hour banks, and infrastructure shared across different distribution businesses. In addition to the projects above, a platform called **AGeo Corrective Maintenance** has been incorporated into employee activities to improve efficiency in managing materials inventories and monitoring safety incidents posing a risk to third parties or significantly affecting power supply continuity.

One particularly significant project related to smart grids is **GODEL**, which in 2022 was recognized as the best project presented in the 39<sup>th</sup> National Power Sector Circuit (CINASE) in the innovation category. As part of this project, a **Smart Sensor** was developed using Neoenergia-patented technology that has now been licensed for commercial use. The sensor was originally developed to identify equipment faults and was then repurposed to assist in reducing technical and commercial losses. Other GODEL project modules include:

- **GODEL Analytics**, an application used by Neoenergia companies to map out technical and commercial losses, identifying areas with the greatest opportunities for revenue recovery efforts;



- **GODEL Multilink**, a metering data concentrator using natively developed Wi-SUN radio-frequency mesh technology to support interoperability among field equipment in the distribution network. The data concentrator also allows metering data to be sent to the distribution utility's management systems across multiple links;
- **GODEL Hosting Capacity** is an industry-first system in Brazil for determining the capacity to accommodate distributed generation and new medium-voltage loads. Users can view available network capacity based on their address, ZIP Code or geographical coordinates, and the system returns a network section-specific analysis, making the results more reliable. The system has improved efficiency in responding to access requests from customers, allowing them to get immediate responses to their queries.

The company's **Smart Antennas** project, a component of its smart grid pipeline, consists of a set of electronic circuits that form a reliable antenna array with 360° coverage for communication between the Operations Center and distribution reclosers. The system can be used at any substation utilizing radio links.

To improve grid reliability and control, the company has developed tools such as **Large Illegal Connection Mapping** to identify potential areas for normalizing illegal connections to the distribution system using tools like Google Earth, georeferenced distribution system data and meter data. This ensures field crews are dispatched to priority locations. Another project, called **Geo Sub**, uses georeferenced data on sub-transmission systems to streamline the flow of information across processes: inspection, preventive and corrective maintenance, planning, surveillance, etc. Another initiative that is improving grid reliability is a tree trimming program using **GIS tools** to map out tree trimming requirements in Brasilia, and protected areas and other areas with environmental requirements in order to optimize tree trimming resource allocation. An additional management tool, called **SuperT**, supports real-time monitoring of reactive power flowing through the system, and indicates to the Operations Center the optimal configuration for capacity banks in each substation in order to optimize operation and minimize technical losses.

We also highlight the following R&D projects that are helping to improve the operation of Neoenergia power systems:

- **Continuous oscilloscope power quality meter**, used to measure power quality as part of a troubleshooting system to improve network quality and safety.
- **Recloser storage**, a system that uses ultracapacitors with batteries to improve the reliability of automated equipment.
- **Vehicles equipped with smart systems** for selecting distribution system insulators for washing depending on measured salinity levels.
- **Mobile Emergency Towers** to replace 69kV and/or 138kV structures (suspended and/or dead-end towers), including locally developed removable anchors;
- **Radio Frequency Equipment Identification (RFID) System**, a project to develop a system for identifying, registering and tracking distribution equipment. The system includes a radiofrequency data collector and high-longevity electronic tags for the identification of assets with metal surfaces, such as transformers and meters; and
- **Simulation and Modeling of the Future Regulatory and Technological Environment (SMARTF)**, a computational tool developed to design business strategies for Neoenergia distributors based on modeled scenarios of regulatory changes, network evolution, consumer behavior and incorporation of distributed generation assets such as generation, storage, electric vehicles, and demand-side management schemes.



## Digital transformation and the customer experience

Neoenergia works to create and integrate service channels that connect and make life easier for its customers, such as do-it-yourself digital services that are user-friendly and improve accessibility. One of its key initiatives in this area is *Conexão Digital* (“Digital Connection”), which has been recognized as the most important customer-oriented R&D program in the power sector, regulated by ANEEL. The initiative operates across three levers: modernizing the customer journey, developing integrated digital solutions, and digital inclusion. Through these levers, the program is helping to improve the customer experience, putting the customer at the center of the business.

The approaches taken within *Conexão Digital* include process and architecture transformation, digital channels, data analytics and robotic process automation. In combination with a customer relationship management (CRM *SalesForce*) and integrated communication (Marketing Automation) platform, the [LS1] *Conexão Digital* program is advancing digitization and automation through data analytics. Among the projects completed as part of the program in 2022 is a **Remote Virtual Agent** that can be used to provide customer support without an on-site visit through guided, real-time interaction on the customer's own cell phone. Some of the key innovations are detailed in Our commitment to customers, Digitization journey.

Another significant project is a **Digital Voice Agent** used in negotiations with customers. This artificial intelligence-driven robot automates telephone-based negotiation of outstanding bills, providing a smooth and increasingly efficient experience and minimizing call and agreement formalization times.

### 3.2.1.3 Liberalized

Innovation in the Liberalized business is focused on improving the efficiency of operating assets and processes affecting quality, safety and costs. Another goal is to increasingly utilize and deliver clean energy, and clearly communicate energy sources to customers and other stakeholders. Other innovation initiatives are supporting the ongoing liberalization of the power sector in Brazil, and Neoenergia investments in green hydrogen.

#### *Smart Solutions*

One of the company's flagship smart solutions initiatives is implementing **Sales Force** to optimize the sales process, from lead management to electricity sales contracts. As part of this project, Salesforce will also be integrated into Neoenergia's Sales platform.

Another significant project is **RPA**, which is automating back office electricity sales processes at Neoenergia.

#### **Thermal Power Operations and Green Solutions**

The company has launched a project, called **Clean Zone**, to improve safety during thermal power plant turnarounds using artificial intelligence. The system uses smart cameras with recognition algorithms to count and validate tools and PPE as they are checked in and checked out in the safe zone. Phase I of the project, which involved testing and improving the software and algorithms, was completed at the Termopernambuco thermal power plant. Phase II is being carried out in collaboration with Iberdrola to finalize the solution, which will improve safety during thermal power plant maintenance turnarounds in Brazil and around the world.

In green solutions, the company has developed an **emissions calculator** that aggregates greenhouse gas emissions for commercial and industrial customers, allowing them to monitor their emissions performance over time while also minimizing costs on fossil fuels.



## Green Hydrogen

A Green Hydrogen department was created within the Liberalized business in October 2022. Neoenergia supports commitments to decarbonize the economy, and the goal under the Paris Agreement to limit global warming to 1.5°C from pre-industrial levels. The primary avenue to achieve this goal is mitigating greenhouse gas (GHG) emissions, and CO<sub>2</sub> in particular.

An industry leader for climate mitigation in Brazil, Neoenergia has an R&D project that is developing a system to **locally produce green hydrogen using photovoltaic solar power**, for use in electric vehicles. When the project is completed, it will have an estimated capacity to produce up to 1.79 kg/h of green hydrogen to fuel electric vehicles.

Another ongoing project is **assessing and mapping out green hydrogen technologies under development in Brazil**. This project will inform Neoenergia's decision-making and advocacy for Green Hydrogen projects in Brazil.

### 3.2.1.4 Systems

In 2022, the most significant projects at Neoenergia's Systems department were:

A proof of concept (PoC) for **automating the management and control of power systems and transmission lines**, using artificial intelligence (AI) algorithms and machine learning techniques to manage vegetation adjacent to transmission lines. The goal is to create a real-time detection system that generates alerts before vegetation affects the power lines, enabling field crews to intervene before any damage occurs.

**KAFFA**, another Networks solution, is implementing a mobility system for by designing and upgrading distribution assets and performing integrated network inspections. After completion, the solution will provide greater control over network assets, better field crew tracking capabilities, and real-time records.

The Neoenergia group is also developing projects to achieve compliance with the **Brazilian General Data Protection Regulation (BR GDPR)**. In 2022, a solution was implemented to provide greater control over digital user access to the company's network and corporate systems environment, reducing IT-related risks and improving the end-user experience.



## 3.2.2 Our commitment to customers

In 2022 Neoenergia reinforced its strategy of putting the customer at the center of everything it does, in line with its new strategic plan. This included building excellence in customer relationships and improving the customer journey. Group companies serve a generation of consumers who expect more than just quality products and services. They want to have a voice within companies, experience wowing interactions, and easily find solutions to their questions and concerns.

To achieve this transformation, Neoenergia has implemented an Excellence Plan that has involved reorganizing governance in customer relationship management. Several working groups have been created to help with planning, monitoring, and evaluating actions. One of the key initiatives under the plan was to bring together the entire leadership team and then employees to explain its goals and strategies.

Neoenergia's "Customers Are Our Everything" program has played a critical role in this journey, placing an emphasis on concepts such as customer experience, service excellence, simplification, streamlining, and empathy in customer relationships. Throughout the year, Neoenergia organized work stoppages at its five distribution companies, its parent company, and the Customer Experience Center, as well as five workshops and livestreamed events that were attended by more than 5,000 people. Additionally, nine "Fast Talk" meetings were held with C-suite executives to explore the importance of customer relationships. A "Customers Are Our Everything" workshop was also organized for leaders in Brasilia who had not yet taken training.

Neoenergia has continued to engage closely with distribution system users and to ensure high levels of customer satisfaction by offering an increasingly simplified, effective and digitized service to its more than 16 million customers across five Brazilian states and the Federal District. These efforts are supported by three pillars: Simplification/Innovation, Communication and Commitment.



### Digitization journey

As part of its efforts to simplify operations in an increasingly digital environment with diverse customer profiles, Neoenergia has focused on improving the customer experience by personalizing relationships and reducing customer effort. Digitization is one of the primary levers through which Neoenergia has contributed to the digital transformation of the power sector. This has included the development of new payment methods and enhancements to the customer experience. The journey began in 2020 with the launch of *Conexão Digital* ("Digital Connection"), the result from the largest customer-focused research and development project in the Brazilian power sector.

As of year-end 2022, 93% of customer service was handled digitally, compared to 78% in 2018.

### CUSTOMER PROFILES



In 2022, Neoenergia became the first power-sector distributor to offer invoice delivery via WhatsApp and added new features to its customer service channels, such as payment by PIX, PIX bill reprints, PIX-based debt negotiation, PIX-based reconnections, and human support for micro and mini distributed generation (MMGD) customers. Satisfaction levels with digital service channels are around 85%, and Neoenergia has provided over 35 million digital service sessions to date.

The company has also implemented other initiatives to drive digital transformation, including the following in 2022:

**Ambiente Definitivo (“Definitive Environment”)** – Completed in April 2022, this project has laid the foundation for the company’s digital transformation, enabling new digital channels and services. Key benefits: more reliable and stable channels and services, extra backups for storing information, higher levels of compliance with cyber security and data protection requirements, an emphasis on open-source technology.

**CRM** – The company’s Customer Relationship Management platform unifies customer service and support platforms, with 100% synchronous integration with Neoenergia Elektro’s commercial systems (UE), Northeast distributors’ systems (SAP), and the technical systems (Ingrid and GSE). This provides historical information and visibility of all activities generated for the agent. Key benefits include a 360-degree view of customers, ease of use in customer service, omnichannel capabilities, and service questions and instructions integrated within the CRM platform.

**VRA** – A Virtual Remote Agent was the first deliverable within the Salesforce CRM (Customer Relationship Management) project for the Neoenergia call center. The first distributor to use the tool was Neoenergia Elektro, providing the capability to deliver remote support without the need for an on-site visit, through guided, real-time interaction using the customer’s cell phone. The customer reports an issue, and the help desk contacts them and suggests video support if necessary. If the offer is accepted, a link is sent to the customer’s phone allowing the agent to view the issue and instruct the customer on the solution via video. For example, if the problem is a circuit breaker tripping, the customer can easily solve it themselves. If the problem is not resolved, a technical crew is sent to the location as usual.

**Digital Communication and Marketing Strategy and Automation** - In 2022, over 100 million emails were automatically sent to customers, including emails offering digital invoices (with a 7% acceptance rate, or 25,000 digital migrations, helping to avoid paper consumption and postage) and emails enclosing reissued invoices (375,000 unique customers and 41,000 migrations, or over 10%).



**Data & Analytics** – After deploying a cloud computing platform at the end of 2021, analytics is changing the way Neoenergia’s distribution companies interact with customers, as well as providing insights to improve processes. In 2022, statistical models were developed for receivables recovery, providing customer profile-based recommendations on the best collection strategy. The company also developed statistical models to evaluate whether customer complaints are substantiated, as part of the Customer Satisfaction process. At the company’s call center, root cause analysis models were implemented to determine the reasons why customers make recalls and how to handle repeat issues. Additionally, natural language processing and sentiment analysis has been applied to satisfaction survey responses to ensure the company is listening to the customer’s voice.

**RPA** - Robots or robotic process automation support integrations between different systems. Through these tools, back-office tasks such as document attachment and work order updates are performed more quickly and reliably. Completed automation deliverables as of year-end 2022 included sending final communication and technical visit notices to customers, as well as updating records in internal systems to ensure available information is standardized.

**New Application** - With a new look and more features, it only takes a few minutes to sign up for digital invoices, pay bills, view electricity bill details, report power outages, among other actions, helping to provide the best possible customer experience.

## DIGITAL CONNECTION

Launched in 2020, the company’s *Conexão Digital* (“Digital Connection”) project has accelerated innovation in customer experience, delivering improvements in customer service times and efficiency. The following is a timeline of these innovations in 2022.



## ACCELERATED DIGITAL INNOVATIONS



### 2022

#### January

| **WhatsApp** – launched card payment service

#### February

| **WhatsApp** – Incorporated PIX payment service on the Neoenergia Virtual Agent

| Flexpag recurring payments

#### March

| **WhatsApp** – New illegal connection reporting service

| **Marketing Automation** – New communication scripts: collection (5 topics)

#### April

| **Data Center Expansion** – Delivered 230 new servers to Neoenergia Elektro and Neoenergia Coelba and a high-performance storage solution with next generation Intel processors

| Initiated the migration to new infrastructure (WSO2)

| **WhatsApp** – PIX-based negotiation

| **Marketing Automation** – New communication scripts: Compensation for damages (2 themes)

#### May

| Marketing Automation – New communication scripts: Recurring invoice reprints and NPS responses (5 topics)



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## June

- | Virtual Office password operation service
- | **WhatsApp** – Reconnection – Neoenergia Cosern, Neoenergia Pernambuco and Neoenergia Coelba
- | **Marketing Automation** – New communication scripts: Public safety (2 topics) and *Semear* (11 topics)

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## July

- | VRA Virtual Remote Agent
- | **New Connections: Neoenergia Elektro** – 49% of services requested online
- | Online account transfers via the Neoenergia Elektro Virtual Office (1,200 online requests in the first 40 days)
- | **New Neoenergia Elektro** app – 45 million services requested
- | **Marketing Automation** – New communication scripts: Digital invoice prompts (6 topics), Collection (5 topics) and automatic debit notices.

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## August

- | **New demand management portal** – governance for requesting new data projects
- | Automated solutions for new connection requests on the SAW portal
- | Application Management Service (AMS) model
- | **Marketing Automation** – New communication scripts: Meter testing, MMGD, Scheduled date offer, and electronic invoices, as well as 4 new topics for the Collection script

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## September

- | **Neoenergia Elektro Virtual Office** – New types of private projects
- | Neoenergia Elektro – Updated Virtual Office | New types of private projects

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## October

- | **WhatsApp** – PIX-based reconnection for Neoenergia Elektro
- | **Northeast** – New version of test tool for digital channels
- | **Neoenergia Elektro** – Track your request status (Emails sent with the status of customer-requested services)
- | **NEO Hub** – Hub redesign to accommodate CRM Salesforce
- | Dashboard with forecasts of percent cancellations and on-time MMGD service
- | **Delivered first Conexão Digital D&A model** – For analyzing customer sentiment in post-service surveys
- | **Marketing Automation** – New topics added to MMGD Communication (1) and Collection (1) scripts

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## November

- | New CRM Salesforce Call Center – Go Live
- | Scheduled disconnection communication script
- | **Neoenergia Elektro Virtual Office** – Compensation for damages
- | **Marketing Automation** – New script for Scheduled disconnection notices (2 topics)

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## December

- | New Northeast App
- | New Neoenergia App
- | New Neoenergia Virtual Office
- | **Neoenergia Elektro** – New Sonda CS features for generating payment slips (go live Jan '23)
- | Default Model (Automated collection)
- | D&A model for determining the root causes of complaints
- | D&A model for classifying complaints as substantiated or not substantiated
- | Automation for reviewing group A invoices (audit process)
- | Customer details quality dashboard to ensure available customer information is accurate
- | Automation of Final and Technical Visit communications

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Although the company actively promotes the use of digital environments, Neoenergia recognizes that face-to-face interactions are still important for fostering closer connections with customers. Upon resuming brick-and-mortar store operation, the company implemented improvements such as local service satisfaction surveys, modernization, and a unified visual identity.

A sophisticated, technology-based concept was developed to enhance the in-store customer experience by providing comfort and promoting the use of digital channels. Stores now feature differentiated furniture, tables with tablets to encourage customers to use digital channels, and a service area with armchairs in an innovative and functional space with all the necessary resources to ensure swift resolution of any issues. The first store



with this concept was opened in October 2022 in Recife (PE), and the next one is scheduled for February 2023 in Natal (RN).

### Virtual Remote Agent

Neoenergia Elektro was the first group company to implement a Remote Virtual Agent that can be used to provide customer support without an on-site visit through guided, real-time interaction on the customer's own cell phone. In the first phase, the VRA was implemented for the internal and external circuit breaker checking process, resulting in improved first-contact resolution, increased customer satisfaction, fewer unproductive site visits, and reduced costs. Other services now in the works include document validation, pre-inspection of service entrance installations, and sending payment confirmations.

The call center has also undergone significant improvements, such as call randomization and automation, intelligent call back, which guarantees 100% customer access, and agent training (more than 72,000 hours) with a focus on processes and a customer-centric culture. As ranked by the Brazilian power sector regulator, ANEEL, Neoenergia has Brazil's top regulatory call center rating among distributors with over 400,000 customers. The call center achieved 6.5% improvement in service levels compared to 2021 and 13% compared to 2020, and a 70% reduction in abandoned calls compared to 2021 and 87% compared to 2020, demonstrating sustainable growth.

**LEVEL OF SERVICE RATE (INS) 2022**  
Neoenergia (%)



Source: Aneel

**ABANDONMENT RATE (IAB)**  
Neoenergia (%)

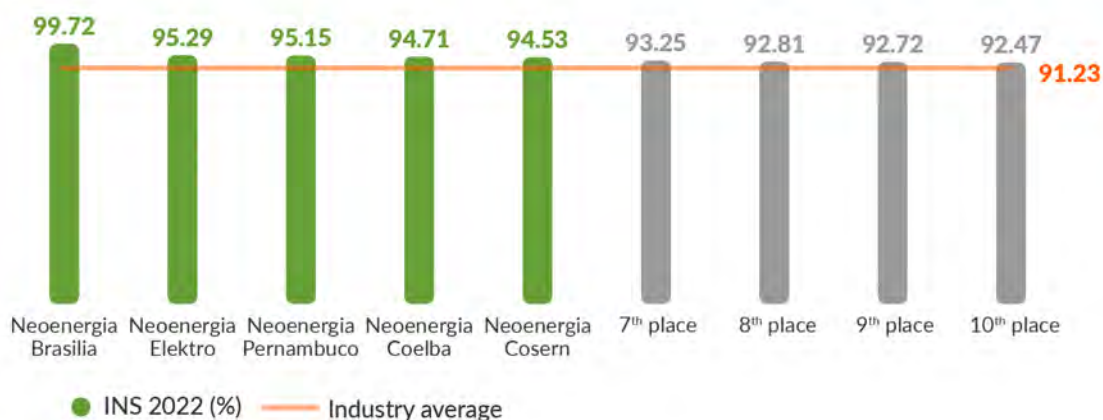


Source: Aneel

Similarly, all Neoenergia distributors are top-ranked based on ANEEL data, with Neoenergia Brasilia boasting the best indicators in the power sector for both service levels and abandoned calls, as shown in the following graphs:

### LEVEL OF SERVICE RATE (INS) 2022

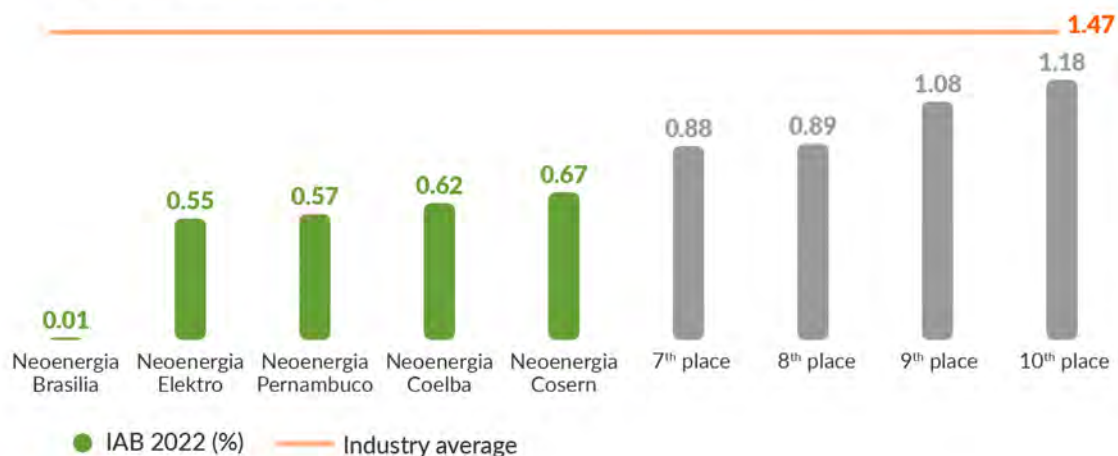
Top 10 distribution companies



Source: Aneel

### ABANDONMENT RATE (IAB) 2022

Top 10 distribution companies



Source: Aneel

Phone service quality indicators are at an excellent level, illustrating Neoenergia's commitment to providing the best customer experience. NPS (Net Promoter Score) improved by 31% compared to 2021 and 48% compared to 2020. Meanwhile, FCR (First Call Resolution) improved by 14% compared to 2021 and 40% compared to 2020.

On social media, the consolidation of the company's brands into a centralized Neoenergia profile, 24/7 service provided by their own agents, and transparency in direct interactions have become the industry benchmark for customer service.

### Record-setting results

These combined customer relationship initiatives have led to record-setting results across all customer performance indicators:

- 27% reduction in total complaints (QRT)
- 14% reduction in substantiated complaints (FER), to 5.71%





- Significant (67%) improvement in customer ratings on the consumer.gov website, becoming a benchmark in the power sector
- 7% reduction in the Customer Effort Score (IEC), to 1.38

These results demonstrate the improvements made during the first year of the turnaround, but the company believes there is still a way to go to establish a customer-centric culture and become an industry leader for customer service. The goal is to improve customer access and experience through human-focused and efficient service. The company also aims to convert hybrid customers into digital ones through effective communication and an improved registration process, thereby enhancing business-process efficiency.

## Default

Customer budgets remained tight in 2022 due to high inflation, affecting families' ability to afford their bills. For distributors in the Northeast and Neoenergia Brasilia, default rates were higher than the previous year, mainly due to socioeconomic factors and the application of the water crisis rate tier from September 2021 to April 2022. At Neoenergia Elektro, the default rate was lower than in 2021, mainly as a result of an intensified receivables recovery plan combined with volume growth, and new collection/negotiation initiatives and channels.

Against this backdrop, group distributors continued to run negotiation and communications campaigns via ARU, SMS, email, and WhatsApp, as well as offering special installment payment conditions.

The following were some of the key initiatives in 2022:

**PIX via WhatsApp** – Extended PIX payments to WhatsApp (reissued bills, negotiation, and reconnection), increasing digital collections by 4.4 percentage points in 2022 compared to the previous year.

**Cashback** – Partnerships with digital wallet providers to offer cashback to customers. Cashback bonuses were offered to utility customers who were not yet cashback platform users and registered within the promotion period.

**Low-income discounts** – A negotiation campaign offering a discount of up to 36% for Social Rate customers to mark Customer Day, as well as exemption from paying interest, fines or other charges and the opportunity to pay outstanding invoices in up to 18 installments. The 120-day campaign ran in the second half of 2021, ending in January 2022.

**South Bahia Campaign** – In December 2021, 147 municipalities declared a state of calamity and 13 municipalities entered a state of alert due to rural areas being cut off, infrastructure destroyed, and the local economy severely impacted. In response, Neoenergia offered special payment arrangements to affected customers for a period of 60 days.

**Fique em Dia com a Neoenergia** - Special negotiation of outstanding bills for residential and low-income customers with bills over 180 days past due, offering discounts of up to 40% for a period of 120 days. The campaign ran in the second half of 2022, with customers being offered discounted rates for payment via credit card.

**Best Week** – Discounts of up to 60% were offered to residential, commercial, and rural customers with bills over 90 days past due in November, for payment in cash or by credit card through the group's digital negotiation channels. Additionally, customers who made their first payment via the Recarga Pay app received a discount of R\$ 20 on their bill.



**Recurring payments** – Payments are charged on a monthly basis to customers’ credit cards, in a practical and secure process. The difference between this payment method and direct debit is that invoices are charged to customers credit cards. The service is available on distribution utility websites, where customers are directed to the Flexpag portal.

**21 installments for credit card payments** – The number of installments allowed for Master, Visa, Hiper, Elo and Amex credit card payments increased from 12 to 21. Payments can be made via distribution utility websites, through a partnership with Flexpag.

**Power to Start over** – A campaign to encourage customers to pay their bills on time and migrate to digital channels, offering over R\$ 200,000 in prizes to customers across the company’s five distributors. In the second half of the year, the program continued with a new format, where the prize was having electricity bills waived for up to 24 months.

**Communities Program** - The Customer Service Department at Neoenergia Pernambuco has developed a personalized approach to engaging with communities affected by efforts to normalize illegal connections and implement tamper-proofing systems, as well as communities eligible to sign up for the Social Rate. In 2022, this program benefited 40 communities in Pernambuco.

### 3.2.2.1 Quality of supply

Power supply quality is primarily measured in terms of Equivalent Outage Duration (EOD) per Consumer and Equivalent Outage Frequency (EOF) per Consumer, two measures of outages occurring in the distribution system.

In 2022, all of Neoenergia’s distributors remained below the regulatory limits for these two indicators. Our strong performance is partly attributable to self-healing systems that minimize outages in the event of incidents such as tree branches falling onto power lines. In 2022, 1,272 pieces of equipment had self-healing capabilities across Neoenergia’s five distribution utilities. By using this technology, the number of outages is reduced, and in the event of an outage, power can be restored in up to 60 seconds.

Neoenergia has a fleet of 16,470 reclosers, of which 34% have self-healing capabilities, in 536 municipalities across five states and the Federal District.

#### POWER OUTAGE FREQUENCY – EOF (TIMES)

[GRI EU28](#) | [SDG 1.4, 7.1](#) | [SASB-IF-EU-550a.2](#)

	Regulatory Limit 2022	2022	2021	2020
Neoenergia Coelba	7.35	4.99	5.18	5.54
Neoenergia Pernambuco	7.99	4.77	5.75	5.37
Neoenergia Cosern	7.06	3.05	2.81	3.87
Neoenergia Elektro	5.70	3.84	4.22	4.50
Neoenergia Brasilia <sup>1</sup>	5.77	5.72	7.06	NA

<sup>1</sup> Neoenergia Brasilia was merged into the Neoenergia group in March 2021.



## POWER OUTAGE DURATION – EOD (HOURS)

GRI EU29 | SDG 1.4, 7.1 | SASB-IF-EU-550a.2

	Regulatory Limit 2022	2022	2021	2020
Neoenergia Coelba	13.40	11.41	11.46	12.43
Neoenergia Pernambuco	12.94	11.75	12.00	12.62
Neoenergia Cosern	10.80	7.94	6.78	9.21
Neoenergia Elektro	7.78	6.97	7.38	7.57
Neoenergia Brasília <sup>1</sup>	7.59	6.65	8.91	NA

<sup>1</sup> Neoenergia Brasília was merged into the Neoenergia group in March 2021.

### 3.2.2.2 Customer satisfaction

#### GRI 2-29

The 2021 ANEEL IASC (Consumer Satisfaction) Survey results were only released in the second half of 2022. Performance worsened across all participating distribution companies, with the national average satisfaction rate decreasing from 60 in 2020 to 52.7 in 2021. The Neoenergia group performed above the national average, with an overall satisfaction rating of 53.1 in 2021. When the regulator released the survey results, the Neoenergia group had already implemented actions to improve processes based on lessons learned from the previous year. The 2022 survey results had not yet been released at the time of writing this report.

In a customer satisfaction survey run by the Brazilian Electric Utility Association (ABRADEE), group distributors showed either improved or similar performance on the Perceived Service Quality Satisfaction Index (ISQP) compared to the previous year. As a group, Neoenergia improved by 3.9 percentage points, achieving a satisfaction rating of 69.6%. Neoenergia Cosern was a finalist for the ABRADEE awards, ranking third in Brazil among distribution companies with more than 500,000 customers, while Neoenergia Pernambuco improved its rating by 9.9 percentage points, climbing nine positions in the distributor ranking.

#### ANEEL CONSUMER SATISFACTION RATE (IASC) – %

	2022	2021	2020	2019
Neoenergia – group	NA	53.1	62.3	67.7
Neoenergia Coelba	NA	52.2	61.9	65.7
Neoenergia Elektro	NA	54.4	61.7	72.1
Neoenergia Pernambuco	NA	53.0	61.5	66.3
Neoenergia Cosern	NA	55.6	66.1	67.6
Neoenergia Brasília	NA	51.9	63.4	73.0

The 2022 survey results had not yet been released at the time of publishing this report.



### ABRADEE PERCEIVED QUALITY SATISFACTION RATE (ISQP) – %

	2022	2021	2020
Neoenergia – group	69.6	65.7	75.0
Neoenergia Coelba	64.5	63.3	73.4
Neoenergia Elektro	72.6	70.0	80.9
Neoenergia Pernambuco	74.4	64.5	70.4
Neoenergia Cosern	75.9	71.1	82.5
Neoenergia Brasília	66.2	65.3	72.8

### COMPLAINTS RECEIVED

	2022	2021	2020
Number of complaints per 100 customers	1.3	1.8	NA

## 3.2.2.3 Responsible communication

### GRI 3-3\_417

Neoenergia goes beyond regulatory compliance in its advertising and marketing communications, and adopts mechanisms and voluntary codes that ensure such communications are transparent and truthful. The company's Code of Ethics also applies in this area for all employees regardless of their area of responsibility.

Neoenergia not only complies with applicable advertising practices codes in all locations, but has also implemented internal approval procedures to ensure that all advertising material presented to society is in accordance with responsible advertising practices.

### INCIDENTS OF NON-COMPLIANCE CONCERNING MARKETING, ADVERTISING, PROMOTION AND SPONSORSHIP

#### GRI 417-3 | SDG 16.3

	2022	2021	2020
Number of fines for noncompliance with laws and regulations that were incurred and paid in the year <sup>1</sup>	0	NA	NA
Number of fines for noncompliance with laws and regulations that were incurred in previous years and paid in the current year <sup>1</sup>	0	NA	NA
Monetary value of fines for noncompliance with laws and regulations that were incurred and paid in the year (R\$ thousand) <sup>1</sup>	0	NA	NA
Monetary value of fines for noncompliance with laws and regulations that were incurred in previous years and paid in the current year (R\$ thousand) <sup>1</sup>	0	NA	NA
Number of incidents of non-compliance with regulations concerning product and service information resulting in a fine or penalty	0	0	0

<sup>1</sup> Data not available for 2020 and 2021, as information was then not compiled to this level of detail.

The table above shows incidents caused by alleged violations concerning marketing, advertising, promotion and sponsorship during the previous three years.



### 3.2.2.4 Information on and labeling of electricity sold

#### GRI 417-1 | SDG 12.8

Group distributors are compliant with ANEEL Resolution 1,000/2022, which requires distribution companies to use printed materials such as electricity bills or special notices to inform customers about topics such as:

- customer reclassification; project review results; non-provision of a given service; service drop installation costs and conditions; disconnections; reimbursement for electrical damage; complaints; changes in standards; collection for irregular procedures; among other topics as required by Normative Resolution (REN) no. 1,000/2022;
- Scheduled maintenance notices in accordance with REN no.1,000/2022 and Distribution Procedure (Prodist) Module 8;
- Loss of eligibility to social rates (as per REN no. 1,000/2022 and 472/2012) and rate tier amounts (as per REN no. 1,000/2022) are also addressed in consumer communications.

Scheduled maintenance notices are published in major newspapers, radio spots, and via letters sent to consumers. Electricity bills also provide information on electrical safety and efficiency, and contact information for customer service.

#### GRI 417-2 | SDG 16.3

In the last three years there have been no incidents of non-compliance with voluntary codes concerning product and service information and labeling.

### 3.2.2.5 Health and safety of customers and of the general public

#### GRI 3-3\_416, 416-1

Users' safety is of paramount importance to Neoenergia. Every employee has a duty to help maintain high levels of safety in the company's distribution systems, and power system safety has been included among the annual targets for executives since 2020. Group companies have a range of initiatives in place, including procedures for responding to distribution system incidents that could result in injuries involving the general public.

In responding to traffic accidents involving collisions with utility poles, responders prioritize incidents affecting residents, the integrity of the system and people's safety. Responder teams are deployed as promptly as possible in the event of any accident involving the company's assets, and Neoenergia has a direct hotline with law enforcement and the local fire department.

#### INCIDENTS OF NON-COMPLIANCE CONCERNING THE HEALTH AND SAFETY IMPACTS OF PRODUCTS AND SERVICES GRI 416-2 | SDG 16.3

	2022	2021	2020
Resulting in a fine or penalty	0	0	0
Resulting in a warning	0	0	0
Related to non-compliance with voluntary codes	0	0	0
<b>Total incidents</b>	<b>0</b>	<b>0</b>	<b>0</b>

The construction, operation and maintenance of electric infrastructure involves certain risks which may at times give rise to incidents affecting people near the company's facilities. To mitigate these manageable risks, the

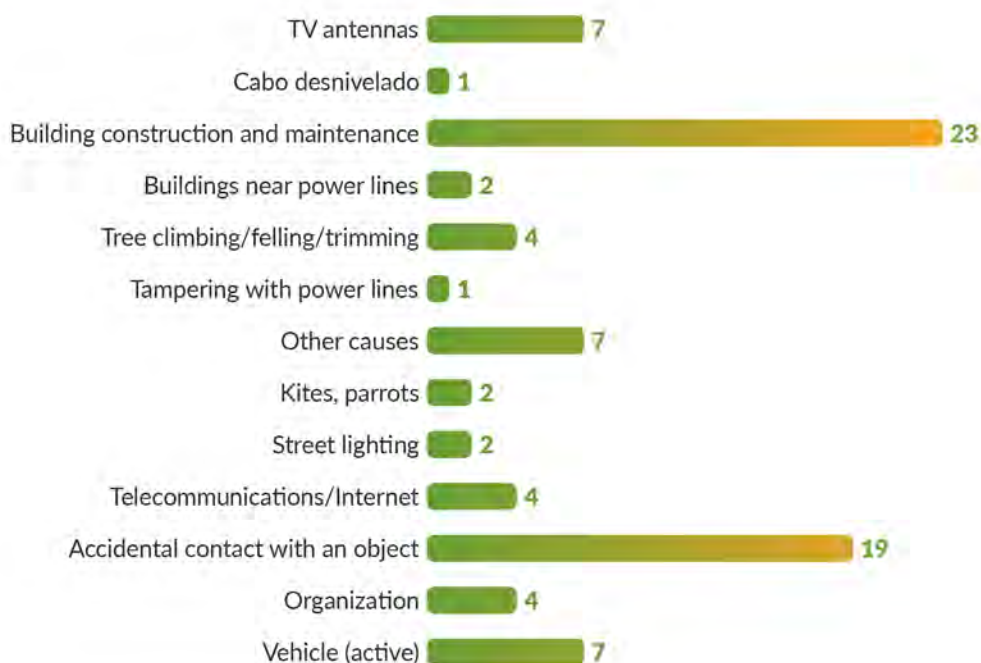
company has implemented maintenance, inspection and continuous improvement plans to ensure that its distribution systems are safe and in good working order.

There are also unmanageable risks due to unsafe customer-built electrical installations and unsafe behavior, such as flying kites near power lines. To address these risks, the company invests annually in educating the general public on safe electricity use and new technologies. For example, drones are used to cut kite strings that put people and power lines at risk.

In 2022, the number of community incidents decreased by 26% compared to 2021. Group distribution companies follow an established protocol for addressing incidents affecting the community, involving departments such as Operations, Safety, Legal, and External Communication.

### ACCIDENTS INVOLVING THE PUBLIC

Passive causes



### ACCIDENTS INVOLVING THE PUBLIC

Passive causes



### INCIDENTS INVOLVING THE PUBLIC

GRI EU25

	2022	2021	2020
People injured	81	109	56
Fatalities	31	43	36
Number of health and safety related legal cases (resolved and pending)	80	97	75





### a. Electromagnetic fields

Historically, the possible influence of electrical and magnetic fields on human health has been the subject of a certain amount of public debate. However, the various studies performed in this regard have identified no detrimental effects on human health for the maximum emission figures established by applicable law. Neoenergia, following the precautionary principle, applies the rules in this regard and has shown itself willing to work with the public authorities in adopting such preventive or mitigating measures as may be deemed appropriate to avoid risks or harm to health.

In 2022 no claims were brought over harm to health caused by electromagnetic fields.

## 3.2.2.6 Education for the safe use of energy

### GRI 3-3\_416, EU24

The company believes that, to ensure the health and safety of its customers it must maintain effective education and educate them on the safe use of energy. For this, the Safe Community Program was created, an initiative to increase the safety and sustainability of the interaction between power grids and the communities, contributing to a healthy life and promoting well-being for all. This program consolidates a number of external safety-related activities (communication, training, lectures, educational materials) and technical actions across the five group distributors.

These actions are based on identifying the main causes of accidents. Illegal connections are the most important of these, followed by self-construction. Safe Community initiatives take place at schools, community organizations, social institutions, and companies across Neoenergia, taking advantage of other programs.

This may happen, for example, as safety talks during volunteer activities (such as Operation Kg to donate foods to NGOs, and the Teaching Professions program that shares the professional environment at Neoenergia with young people in secondary school and social institutions), or during Strategy, Safety, and Behavior Discussions (Desc). In this way it plans to involve the largest possible number of people to become facilitators of safe behavior, avoiding incidents in the service area.

Internal communication and activities to reinforce the safety culture and instruct the public also took place during the year (communication on social media, mini-podcasts, and materials for employee children). Prior to launching Safe Community, all five distributors organized workshops with all leaders to engage them in this initiative.

In addition to this program, we work constantly to raise public awareness through: messages on electricity bills, information through customer relationship channels, a safety hub on the Neoenergia website ([www.naovacilenao.com.br](http://www.naovacilenao.com.br)), posts on social media, advertising campaigns, educational initiatives, and partnerships with trade associations.

The company has also developed pointers targeted to rural consumers, explaining the precautions needed when operating equipment such as harvesters and grain hopper trucks, and reminding them that slash-and-burn farming is prohibited near transmission lines, due to the risk of damaging the conductors and towers. Another initiative was a partnership with SENAI that organized two groups for the Basic Course in Civil Construction for independent construction professionals. The content of this course includes safety of the power grid. In all, this course was available to 2,200 people in the distributor service areas.



## 3.3 Contributions to the well-being of our communities

### 3.3.1 Access to energy

The Global Sustainable Development Policy was approved first by the Neoenergia Board of Directors, and then by all group companies. Its basic principle is creating sustainable value for all stakeholders. The company is also committed to promoting universal access to electricity services with environmentally sustainable, economically acceptable, and socially inclusive models. It also supports economically disadvantaged or otherwise vulnerable customers with specific procedures to protect and collaborate based on competent public management policies to facilitate continuous access to electricity.

#### 3.3.1.1 Electricity for customers with no access to the distribution grid

##### GRI ex-EU23 | SDG 1.4, 7.1

Neoenergia is a significant contributor to ensuring universal access to electricity in Brazil, and in recent years has had a specific program entitled Light for All [*Luz para Todos*] for rural Bahia. It has also met its commitment to UN SDG 7 - clean energy that is affordable to all.

In 2022 it invested R\$ 685.4 million in 18,256 new connections in the state - R\$ 478.3 million were Neoenergia Coelba funds, and RR\$ 207.1 million were federal government subsidies. This program has been around for 19 years, and to date has connected 704,301 customers to the power grid in 415 cities and towns in Bahia. Right now only two municipalities in Bahia are outside the Neoenergia Coelba service area. The goal is to complete the program with a further 12,178 connections in 2023, for a total of 716,479 for the program as a whole. The other four distributors have completed their universal access target.

##### EU26 | SDG 1.4, 7.1

Estimates show that, at the end of 2022, only 220,430 Neoenergia customers did not have access to electricity, or 0.6% of the resident population of the service area, as shown in the following table. Even in areas where universal access is already reality, some customers have not been connected.

#### ESTIMATED POPULATION WITH NO ACCESS TO THE POWER GRID

Neoenergia Coelba	Neoenergia Elektro	Neoenergia Pernambuco	Neoenergia Cosern	Neoenergia Brasilia	Total
110,347	20,760	59,035	27,521	2,766	220,430

#### 3.3.1.2 Access for vulnerable customers

Neoenergia has procedures to protect socioeconomically disadvantaged customers, facilitating access to electricity to the more vulnerable population. Initiatives include longer and flexible payment terms to avoid having power switched off for lack of payment. Furthermore, a special rate is available for low income consumers, and even lower rates in special situations.

## Social Rate

**GRI ex-EU23 | SDG 1.4, 7.1 | SASB IF-EU-240Aa.4.**

The so-called Social Power Rate is a power bill discount the Federal Government grants to low income families registered in the Single Registry, or where one of the members of the household is a beneficiary of the so-called Continued Benefit (*Benefício de Prestação Continuada - BPC*). This discount ranges from 10 to 65% up to a maximum of 220 kWh, depending on the monthly power use by each household.

To help households eligible to this benefit, Neoenergia automatically added thousands of consumers, checking the data in its contracts against the data in CadÚnico, which Aneel sends to the utilities from time to time. In addition to proactive registration for the Social Rate (*Tarifa Social*), the four distributors answer requests made by the customers themselves, either on the Neoenergia site or via WhatsApp. In this way the company has included 2.3 million consumers in the Social Rate in the past two years.

For indigenous and quilombola households that are also low-income, the discount can be 100%, depending on the amount of power consumed. Right now, there are 11,700 indigenous customers and 44,300 quilombola customers registered for this benefit in the concession areas of the five Neoenergia distributors.

In late 2022, 3,700,561 consumer units served by the five Neoenergia distributors were low-income, accounting for 26% of all residential customers (23.5% in 2021).



Information about disconnections and reconnections using the structure defined in the GRI Sector Supplement is described in the Attachment.

### 3.3.1.3 Energy efficiency

**GRI ex-EU7**

Neoenergia promotes conscientious, efficient and safe use of electricity through an Energy Efficiency Program regulated by the Brazilian power sector regulator, ANEEL. The program works to achieve electricity savings through a wide range of initiatives across different fronts and consumer segments. The program directly supports SDG 7 – Affordable and clean energy.

Law no. 9991 (July 24, 2000) requires that electricity distribution utilities allocate a percentage of their net operating revenue (NOR) to these types of programs. Neoenergia Group distribution utilities annually allocate

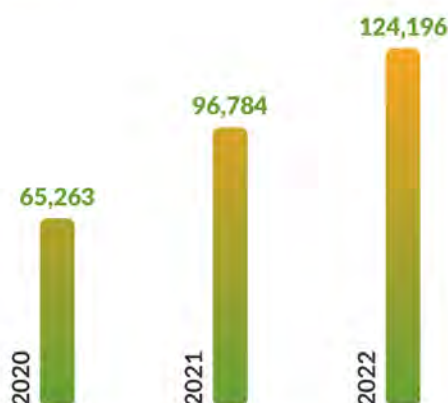


0.28% of NOR to activities that promote the development and deployment of new technologies, helping to drive electricity savings and changes in habits toward conscientious consumption, especially among low-income consumers.

**GRI 302-5 | SDG 7.2, 7.3, 8.4, 12.2, 13.1 | PG7, PG8**

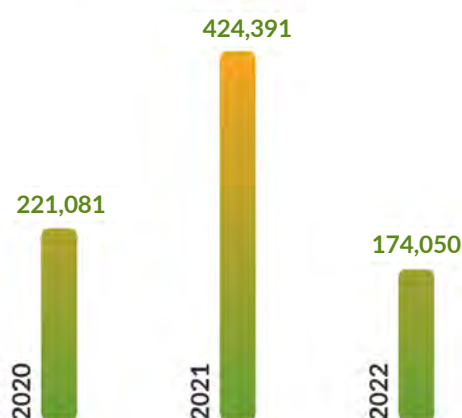
In 2022, Neoenergia invested R\$ 124 million in energy efficiency programs, 28.3% more than the previous year. These programs benefited 174,050 customers with total electricity savings of 60,131 MWh/year, equivalent to the consumption of 25,000 homes consuming an average of 200 kWh per month.

**ENERGY EFFICIENCY INVESTMENTS**  
(R\$ thousand)



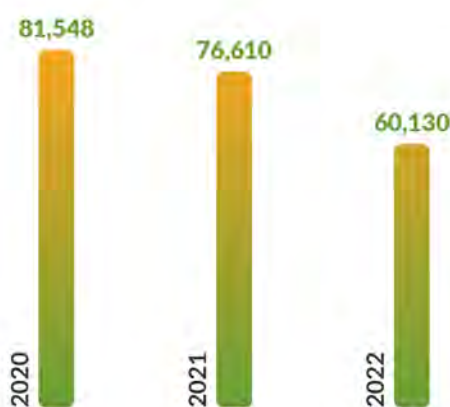
Since 2008, R\$ 860 million has been invested across more than 300 energy efficiency projects, with more than half of this amount invested in initiatives benefiting low-income consumers with the replacement of incandescent and fluorescent light bulbs with LED units. The replacement of more than 11.1 million light bulbs and other activities resulted in an estimated 1,017 GWh/year reduction in energy consumption, equivalent to the annual use of around 424,000 homes. Educational activities supplement the program, providing training to teachers and students on preventing electricity waste and increasing energy efficiency.

**BENEFITED UNITS**  
(No.)



**ELECTRICITY SAVINGS**

(MWh/year) | GRI 302-5 | ODS 7.2, 7.3, 8.4, 12.2, 13.1 | PG7, PG8



Execution of energy efficiency projects may vary over the course of the year and from one year to the next; they may also vary by type, number, and stage. In 2020 the pandemic delayed some projects, and results were offset in 2021.



## CONSCIENTIOUS CONSUMPTION PLATFORM

Neoenergia's distribution utilities have collaborated in the development of a tool for real-time monitoring of a home's power consumption either by room or by type of device, supporting conscientious consumption and power savings. The platform was developed by a startup in Campina Grande (Paraíba), Northeastern Brazil, as part of a project selected in the company's *Nova Energia* challenge, which identifies innovative energy efficiency solutions across three fronts: electricity savings, distributed generation and new education technology.

Customers can also use an app, called Publicações Neoenergia, as a one-stop source for informational and educational content about energy efficiency, including monthly newsletters, manuals and leaflets, for both adult and child audiences. Using a game-based approach to teach energy efficiency and electric safety, Neoenergia's *Jogo da Energia* board game provides useful tips about saving and using electricity safely. The game is available [here](#).

## Residential segment

The main projects in this segment include replacement of inefficient equipment, support for recycling and installation of solar panels.

### Energy and Civic Engagement

Low-income communities in Bahia, Pernambuco, Rio Grande do Norte, São Paulo, Mato Grosso do Sul, and the Federal Districts benefit from the replacement of inefficient light bulbs with LED bulbs, more efficient and longer lasting. Customers are also given a Conscientious Electricity Consumption Handbook during initiatives supported by mobile units (vans parked in strategic locations or going door-to-door). These projects include joint citizenship activities with government agencies such as issuing IDs, recognition of paternity or divorce documents, and increasing the efficiency of public schools, health care centers, and NGOs.

In 2022, the project replaced over 840,000 inefficient light bulbs, more than 701,000 of these in low-income households, and another 140,000 or so in 1,475 public or charitable institutions in these locations. Furthermore, four solar plants with a total capacity of 242.78 kWp were installed in Bahia. Another initiative was the replacement of 5,192 old refrigerators in NE cities and towns affected by heavy rains, for consumers in a home-care program, and for people living in the isolated community of Remanso (BA), benefited by micro-grid generation.

### ELECTRICITY AND CIVIC ENGAGEMENT (No.)

	Neoenergia consolidated	
	2022	2021
Home lighting retrofits	701,933	628,408
Communities served	641	823
Government/non-profit lighting retrofits	571,508	200,522
Organizations served	1,152	1,671

### Vale Luz

Neoenergia's Northeast distribution companies encourage recycling among consumers through programs such as *Vale Luz*, an initiative in which customers can trade in recyclable materials for discounts on their electricity



bills. The collected materials are delivered to waste picker cooperatives and environmentally compliant recycling companies. Customers can turn in their recyclable materials at fixed and touring collection stations. In 2022, 23,207 metric tons of waste were collected in exchange for a R\$ 95 discount on the light bills of 174,050 customers.

## VALE LUZ

	Neoenergia consolidated	
	2022	2021
Volume of waste (t)	1,674	1,100
Number of customers <sup>1</sup>	32,473	8,626
Light bulbs replaced (no.)	115,854	136,970
Discounts on invoices (R\$ thousand)	785	459
Investment (R\$)	8,597,314	5,584,500
Electricity savings (MWh)	23,207	NA
Peak shaving (kW)	435.76	435.76

<sup>1</sup> The variation in the number of customers is due to the enlarged scope of the project, serving new locations, and also some light bulb replacement activities not associated with waste collection.

## Neoenergia Solar

Neoenergia Solar offers a 50% discount on solar panels for residential customers looking to generate part of the electricity they use on-site. In 2022, 437 residential customers received this discount from Neoenergia Coelba, Neoenergia Pernambuco and Neoenergia Elektro. Together, these systems have an installed capacity of 1.6 MWp and generate around 2.4 GWh per year.

## Green IPTU

In partnership with the City of Salvador, the Sustainable Certification Program aims to encourage residential, commercial, mixed and institutional real estate developments to adopt sustainable and energy-efficient practices in their buildings. Developments receive a score based on a manual provided by the municipal government, and exchange it for a discount of up to 10% on their property tax (IPTU). The developments are reassessed every three years.

## Government, trade, and industrial facilities

### GRI 203-1| SDG 5.4, 9.1, 9.4, 11.2

Neoenergia distributors invested R\$ 56.37 million to install photovoltaic solar panels and replace light bulbs in public buildings in their service areas. Part of the investment was allocated to public lighting retrofit projects in 45 cities, replacing 24,000 streetlights with LED technology.

These initiatives help save electricity and increase the feeling of public safety in these cities, and also benefit the power system by reducing peak demand.

In addition to replacing over 286,000 light bulbs/reflectors at 1,149 government buildings, photovoltaic panels were set up in public health care and education facilities, totaling 35 systems with installed capacity of 2.6 MWp. Among these are the solar plant installed at the Pernambuco Cancer Hospital (PCH), which will yield 23.4% savings in energy use or around R\$ 333,000 each year. This plant started up in December and can generate some 778,615 kWh/year, enough to power 6,200 homes for a month.





Neoenergia's sanitation system efficiency program replaced four raw water intake motor-pump sets and ancillary starting equipment, helping to reduce municipal energy consumption in the five states hosting the company's distribution service areas.

## Educational Initiatives

The goal of these initiatives is to promote reflection and dialog on the efficient and safe use of electric energy, making teachers, students, and the entire school community aware of the importance of energy efficiency, the use of energy, environmental conservation, sustainability, and the use of clean and renewable energy sources. In 2022, over 15,000 teachers and 484,000 students were trained in this theme.

These initiatives focus on teachers and students in the states of Bahia, Pernambuco, Rio Grande Norte, São Paulo, Mato Grosso, and the Federal District, and are made up of diverse fronts: Energy Classes; *Festival Tô Ligado na Energia* (FTLE) ("Connected to Energy Festival"); *Energia que Transforma* (EqT) ("Energy that Transforms"); Paxuá and Paramim; *Olimpíada Nacional de Eficiência Energética* (ONEE) ("National Energy Efficiency Olympics"), and New School.

The Energy Classes project consists of interactive environments that promote immersive experiences with electricity, generation, and energy efficiency in fixed and mobile installations. The fixed installations are the Electricity Museum in Salvador, BA, which just reopened after modernizing its infrastructure and equipment, the Fernando de Noronha Visitation Center in PE, and the Wind Energy Ecopoint in Maracajaú, RN, closed during the pandemic and now being reactivated. Roving units on adapted trucks move around the service areas of 4 of the 5 distributors (the exception is Neoenergia Cosern).

The *Tô Ligado na Energia* ("Connected to Energy") Festival reflects on and discusses the safe and efficient use of energy at public schools, using gymkhanas with tasks and arts workshops for students.

The Paxuá and Paramim programs offer animation and music inspired on indigenous characters who work as guidance counselors on the correct and efficient use of energy for children between the ages of 3 and 10.

National Energy Efficiency Olympics (ONEE) aim to increase student interest in science and cultivate healthy electricity habits, helping reduce consumption and lessen the share of electricity costs in home budgets.

The New School includes online and/or in-person training of teachers in energy efficiency, and covers a nationwide network of educators. The initiative borrows content from the *Energia que Transforma* program, as recommended by ANEEL, to develop energy efficiency training pathways that are compliant with the new National Curriculum (BNCC).



### 3.3.2 Neoenergia's commitment to human rights

#### GRI 3-3\_407\_408\_409\_410\_412

Neoenergia is committed to defending human rights, and has a set of tools that ensure and promote the protection of, and respect for people to prevent, mitigate and redress any possible impact on human rights. To achieve this, the company's practices are aligned with the universal principles of the UN Global Compact and the Guiding Principles on Business and Human Rights (GPBH), the OECD Guidelines for Multinational Companies, the Tripartite Declaration of Principles concerning Multinational Enterprises and the Social Policy of the International Labor Organization (including ILO Convention 169), and the UN Sustainable Development Goals (SDGs).

The Respect for Human Rights Policy, approved by the Board of Directors in 2018 and last updated in March 2022, formalizes the company's commitment to human rights as a fundamental component of the group's Purpose and Values. It explicitly commits the company to:

- Reject child labor and any type of forced, slave-like labor;
- Respect freedom of association and collective bargaining;
- Respect the right of freedom of movement within the company;
- Refrain from any form of discrimination;
- Respect the rights of ethnic minorities and of indigenous peoples in the places in which it does business, fostering candid dialog that includes cultural frameworks in the areas where it operates;
- Respect the right to the environment, considering the expectations and needs and the surrounding communities; and
- Understand that access to energy is a right related to other human rights, collaborating with government institutions to implement systems to protect vulnerable customers and plans to extend services to communities that do not have access to power.

Other policies complement this commitment to human rights, which must be embraced by company employees, contractors, suppliers, and partners. These include social policies, Personal Data Protection, and Procurement, which in turn includes the group's view of shared responsibility with its suppliers regarding respect for human rights and the commitment to expand the number of suppliers subject to the sustainable development policies and standards associated with respect for human rights.

#### GRI 407-1, 408-1, 409-1 | SDG 5.2, 8.7, 8.8, 16.2

According to Iberdrola's 2022 Map of Human Right Risks, Neoenergia operations show risk in workplace conditions, environmental impact, and indigenous lands and property. This took into consideration environmental aspects, working conditions, equality and non-discrimination, universal access, privacy, occupational health and safety, land and property, union freedoms, forced labor, indigenous people, public safety, suitable standards of living, and child labor.

#### 3.3.2.1 Human rights due diligence system

Neoenergia has defined its human rights expectations for different stakeholders in the performance of their activities—employees, suppliers, and investment partners—demanding absolute respect for human and labor rights recognized in Brazilian and international law.



Its Human Rights Due Diligence seeks to implement the UN Guiding Principles on Businesses and Human Rights, adapted to the company's size and the diversity and uniqueness of the facilities in the various regions where it operates.

Examples of reparation measures undertaken during the year are included in the [Population movement management](#) and Local community development program sections.

#### **a. Complaints and grievances mechanisms**

There are different communication channels, such as the [Ethics Channel](#), so that the affected parties may contact the company directly and share their concerns, or complaints related to the impact on employees, suppliers, or any other stakeholder.

Information on complaints and reports regarding human rights received by Compliance are described in the Ethics and Integrity section; those related to Human Rights and Legal Services under the GRI 406-1 disclosure; those related to the environment under Environment and the section on Contributions to the well-being of our Communities; those regarding Cybersecurity and Data Privacy under GRI 418-1, and those regarding socioeconomic and environmental non-compliance under GRI 2-27.

### **3.3.2.2 Progress and results**

In 2022, the Corporate Social Responsibility area was created, under the Department of Innovation and Sustainability. The agenda of this new area is transformational and designed to make internal and external audiences aware of the issues, with strategies and activities related to human rights, social impact, stakeholder relations, and private social investments, among others. This area has a strategic view of social risks and intends to identify, assess, prevent, and mitigate their impact.

### **3.3.2.3 Main human rights topics of interest to our stakeholders**

Below are examples of how Neoenergia handles specific human rights issues that are relevant to its stakeholders.

#### **a. Related to labor practices**

##### **GRI 3-3\_406**

Here, a particularly relevant issue for employees is non-discrimination. The principles of non-discrimination and equal opportunity applied by Neoenergia are listed in its Code of Ethics and in the approved and practiced policies and procedures (Human Resource Policy, Selection and Hiring Policy, the [Equity, Diversity, and Inclusion Policy](#), etc.). These documents reinforce the company's commitment to avoid any discrimination based on gender, gender identity, age, origin, race, color, language, religion, political views, social status, belonging to an indigenous community, deficiency, health, pregnancy, sexual orientation or any other condition unrelated to the requirements of the job.

There are specific plans and policies to ensure that the more relevant challenges are addressed (policies to avoid any type of discrimination, anti-harassment policies, etc). Group employees may report discriminatory behaviors in the work environment through the Ethics Channel of their respective main office, or through the Human Resources department.

## ETHICS, EQUALITY AND NON-DISCRIMINATION

Our principles are documented in our



### REPORTS OF DISCRIMINATION (No.)

GRI 406-1 | SDG 5.1, 8.8

	2022	2021	2020
Complaints by discrimination indicator	12	3	5

In 2022 the group received 12 reports of discrimination through its whistle-blowing channel. Seven of them were closed and five remained in analysis at year end. Of the reports that were closed, one resulted in a verbal warning, three in other measures, and three were shelved as no human rights irregularities were found. Human Resources is responsible for implementing the applicable disciplinary measures in these cases. During the year, employees were made aware that these practices are not acceptable and should be reported, along with training and disclosure of the reporting channels available.

#### b. Regarding impact on local communities, on the rights of indigenous peoples, and on traditional communities

GRI 3-3\_411, 411-1 | SDG 2.3

Consistent with Neoenergia's Code of Ethics and corporate policies (in particular its Human Rights Policy), Neoenergia and its employees commit to respect both ethnic minorities and the internationally recognized rights of indigenous and traditional peoples, in accordance with applicable law and the obligations set out in Convention 169 of the International Labor Organization (ILO).

Neoenergia is active in areas of indigenous peoples and traditional communities in the various states where it does business. Because of this, it develops corporate activities that take into consideration the different cultural identities, traditions, and environmental wealth required for their well-being and for their physical and cultural reproduction. It establishes dialog channels with these communities and their representatives, with the involvement of the State, to provide information on its projects with suitable transparency and integrity. However, as there may occasionally be direct or indirect impacts on these communities at some facilities, the company promotes ethical practices with the goal of preventing conflicts and generating mutual benefit, which in the long term is the foundation of social value.

#### INDIGENOUS ACTIVITIES IN THE COMPANY'S AREA OF OPERATION

Facility	Indigenous communities
Aguas Belas Substation in Águas Belas, Pernambuco	Fulni-ó Community
Neoenergia Coelba network in Banzaê, Bahia	Kiriris, Tuxá y Truká



Three lawsuits have been brought against distribution utility Neoenergia Coelba relating to indigenous rights, seeking compensation for the use of transmission rights-of-way on community lands of the Kiriris, Tuxá and Truká indigenous peoples. The claim filed by the Kiriris community has been adjudicated and is now being appealed. All others are in the pre-ruling instruction phase. There were no new claims regarding this topic in 2022.

### **b.1 Incidents involving indigenous employees**

In 2022 there were no incidents of violations of the rights of self-declared indigenous employees.

## **c. Projects with indigenous and traditional communities**

### **GRI 3-3\_203, 203-1 |SDG 5.4, 9.1, 9.4, 11.2**

Neoenergia has programs for local development, professional training, income creation, infrastructure, and recovery of traditions and cultures with quilombola and indigenous communities, as well as among traditional fishing peoples, “fundo e fecho de pasto” communities (communal land use and free ranging livestock), and island communities in the areas where it operates.

The *Inspirar* (“Inspire”) Award, sponsored by Neoenergia and Baluarte (see more at [3.3.5.3.Instituto Neoenergia – Art and Culture](#)), recognized 16 female leaders, 6 of them representing projects or connected to indigenous, quilombola, or Afro-descendant locations.

### **Quilombolas**

Wind, solar, and transmission ventures in the states of Paraíba, Rio Grande do Norte, and Bahia are located close to quilombola communities, which help maintain this nation’s history and culture. Distribution utilities Neoenergia Coelba in Bahia, Neoenergia Pernambuco in Pernambuco, and Neoenergia Elektro in São Paulo also have operations in quilombola areas. In these areas, the company sponsors activities such as workshops on ethnic identity, primers to recover community history, professional training, and the construction of new areas where inhabitants can organize, among other initiatives. These are requirements of environmental permits to work in areas with the communities descending from the quilombos.

In Cruz da Menina, Dona Inês (PB); Santa Rosa, Boa Vista (PB); Serra do Talhado, Santa Luzia (PB); Nova Descoberta, and Ielmo Marinho (RN) a total of 2022 activities were performed involving communication, environmental education, income creation, sustainable development, and valuing the quilombola culture. residents of Santa Rosa showed an interest in livestock activities for income generation, and training workshops on poultry and growing palm trees as animal fodder were proposed.

Cruz da Menina is one of the 14 communities in the *SER* (Health, Education, and Income) Program, a joint effort of the Neoenergia Institute executed by the local Economic Development Agency (ADEL) using BNDES on lending in areas where there are wind farms and transmission lines. Water security projects impacted 73 households; an architectural project to build a Cultural Center was developed together with the community.

In 2022, *SER* took the “Gender Dialogs: the importance of rural Black female collectives” conversation to Cruz da Menina, led by Andreia Nazareno dos Santos, a Black quilombola of the Sítio de Grossos community in Bom Jesus (RN) and an expert in Territorial Management and solidarity-based economy.

In addition to *SER*, the Chafariz Wind Complex environmental education program brought together 18 leaders and representatives of the Serra do Talhado Rural and Urbana communities for education activities on the importance of community social organization and associativism. This initiative was planned, structured, and



executed with the Barra (non-traditional) community leadership with experience in associativism to foster an exchange of experience and territorial development by strengthening local networks.

**Infrastructure** – Numerous infrastructure projects to benefit quilombola communities:

- In 2022, the Serra do Talhado Association of Potters benefited from improved infrastructure of its clay pottery, which is managed by women. This SER project revamped the production and storage area, plus the kitchen and an office for management.
- Revamping the headquarters of the Pitombeira community association in Várzea (PB), within the area of influence of the Luzia Photovoltaic Plant, benefiting 68 resident families. This project also provided economic reinforcement by building a storage warehouse next to the association headquarters.
- The Sumidouro Community in Dom Inocêncio (PI), within the area of influence of the Oitis Wind Complex, benefited from infrastructure works to support animal husbandry activities and technology to access water. Two corrals were built, plus a metal shed to store and maintain farm equipment. Furthermore, some 120 households benefited from a water supply system with three wells drilled and water pumped with pumps running on photovoltaic energy.

**Safety and energy efficiency** – The communities of Barrinha, in Bom Jesus da Lapa, and Barrocas, in Vitória da Conquista, both in Bahia, participated in service events and lectures on safety and energy savings. There were also energy efficiency activities in the Neoenergia Elektro area of influence in São Paulo, in communities in Registro, Itanhaém, Ubatuba, Peruíbe, Pariquera-Açu, Mongaguá, Cajati, Iporanga, Piquete, Itaporanga, and Eldorado. Power grid safety activities were performed in the schools of Conceição das Crioulas, in Salgueiro, and Sítio Pau Ferro, in Pesqueira, both in Pernambuco to reduce the risk of accidents in this region.

## Indigenous

## peoples

A socioenvironmental diagnostic was performed to portray the situation of indigenous peoples in various municipalities in Pernambuco and come up with solutions and initiatives to improve their living conditions due to the characteristics of the areas they inhabit, including quality of power supply, social actions, and energy recovery. Developing such solutions includes dialog with indigenous leaders with the support of FUNAI (National Indigenous People Foundation) and the government.

As a result of this diagnostic, solutions were implemented in seven Indigenous lands in the towns of Cabrobó, Orocó, Pesqueira, Ibimirim, Floresta, Inajá, Santa Maria da Boa Vista and Carnaubeira da Penha in Pernambuco, hconnecting new customers, maintaining and reinforcing lines, pruning vegetation, registering customers for the Social Rate, energy efficiency, and other similar activities.

The indigenous communities of Xukuru Ororubá and Xukuru Cimbres were part of a roving commercial service initiative led by a group specialized in such communities in the Neoenergia Pernambuco Customer Service Department. Further activities focused on the Kambiwá Indigenous communities in Ibimirim (PE) to register members for the Social Rate, a benefit indigenous consumers are eligible for, which can reduce their power bill by as much as 100%.

## Artisanal fishing peoples

Through its Energy Efficiency Program (see section [3.3.1.3 Energy Efficiency](#)) Neoenergia Pernambuco has been working with artisanal fishing communities in Ilha de Deus, in Recife PE, known for growing mussels, to develop new sources of income, normalize their connections, and pay overdue bills. Working with NGO União BR, a socioeconomic census of the community was done yielding data that enabled mapping numerous initiatives for the people living in the community. Furthermore, inefficient lamps were replaced with LED units





for regular consumers, and talks were organized on the safe and efficient use of energy. Professional qualification initiatives are underway, as are contests to promote mobilization, education, and citizenship.

The association of fishing peoples and mussel growers of Cairu de Salinas and Conceição de Salinas, both in Salinas da Margarida (BA), received service and talks about safety and energy savings.

#### “Fundo e fecho de pasto” and island communities

Energy efficiency initiatives were also taken to the Xique-Xique Fundo e Fecho de Pasto in Remanso (BA), and the island communities in Morro de São Paulo (BA) and Gamboa, in Cairu (BA). “Fundo e Fecho de Pasto” communities use the land for family farms communally, and continue traditions inherited from their forefathers. Island communities live on islands. Ninety-six refrigerators were donated to Xique-Xique, and 416 inefficient lamps were replaced with LEDs.

This community was rewarded for its participation in a Microgrid R&D project for a centralized solar energy system with batteries and a distribution grid as an alternative to comply with the company’s regulatory obligations for universal service (Light for All), including technical and regulatory improvements proposed to serve isolated communities. This micro network benefits 113 consumer units in the hinterland of Bahia (see more in item 3.1.2 - R&D, Innovation, and Digital Transformation Projects).

In Morro de São Paulo (BA) and surrounding islands the company partnered with the Cairu (BA) city government to provide customer service and develop fun educational activities, replace light bulbs, collect recyclable waste, and provide commercial services. Sixty-two customers were served, and with the involvement of 519 students, 310 inefficient light bulbs were replaced with LEDs and over 71 kg of recyclable waste were collected.

#### d. Employee training in human rights

##### GRI 3-3\_412

To strengthen its commitment to human rights, a number of training initiatives were performed to inform and train all employees in risk prevention and in mitigation and remediation in the event of human rights violations, in addition to measures to help them understand the Code of Ethics.

#### EMPLOYEE TRAINING IN HUMAN RIGHTS (HOURS)

##### GRI 412-2 | PG1

	2022	2021	2020
Neoenergia	281,636	291,817	206,389

Neoenergia continues to be a driver of respect for human rights along its supply chain. For this, it developed an awareness module on respect for human rights for its suppliers.

#### Citizen insecurity and labor practices in the hiring of security services

##### GRI 3-3\_410

The Corporate Security Policy approved by Neoenergia’s Board of Directors, and the specific procedures adopted by the Corporate Security Department for each situation are compatible both with international human rights standards and applicable legislation.

The protocols for conduct are defined and implemented in all activities and services provided by the Corporate Security Division, with a Quality Management System that has been ISO 9001 certified since 2003.



Security and monitoring services providers are hired in accordance with the purchasing policy, model, and procedures in effect. The Corporate Security Department is responsible for setting the technical specifications and standards to be met by such suppliers in terms of physical security, resources, training and cybersecurity in order to be hired, as well as the assessment thereof during the performance of their contract. This assessment is performed annually in order to identify areas for improvement.

Both the company's team and that of subcontractors are qualified for their duties and enhance their knowledge through a rigorous training plan that is continually assessed and monitored.

## SECURITY PERSONNEL TRAINED IN HUMAN RIGHTS

GRI 410-1 | SDG 16.1

	2022	2021	2020
<b>Employees</b>			
Total number	35	30	28
No. trained on human rights	34	25	28
% trained on human rights	97.1 %	83.3 %	100.0 %
<b>Contractor employees</b>			
Total number	605	443	414
No. trained on human rights	605	443	414
% trained on human rights	100.0 %	100.0 %	100.0 %



### 3.3.3. Supporting local communities

#### 3.3.3.1 Programs to develop local communities

##### GRI 3-3\_203\_413, 2-25

Operations of the group's electric utility companies have both a positive and a negative impact on local communities. On the plus side Neoenergia provides its electricity services proper, which promote economic and social development, safety, jobs, income, and businesses that become suppliers of the utilities. It also provides education, health care and quality of life for the population, in addition to more taxes for the government. On the negative side, especially when it comes to the construction of power grids, we have land use and occupancy, interference in the historical, cultural, and archaeological heritage, pressure on land ownership, property devaluation, risks for biodiversity and overloaded public services and infrastructure.

These impacts are managed with the support of programs developed during the construction and operation phases of the ventures, and include social communication, environmental education in the community and for those working at construction sites, negotiation and compensation for establishments in the right-of-way, and priority hiring of workers who live in the communities close to the company's operations. They also include initiatives to restore the forests of the Permanent Conservation Areas (APP) around Neoenergia's hydro plant reservoirs (*further information is available in Section 2.4 Protecting Biodiversity*).

#### Environmental education and communication

##### GRI 203-1 | 5.4, 9.1, 9.4, 11.2

In areas where wind farms are in operation or construction, Social Communication and Environmental Education programs are carried out with the surrounding communities, and are part of the environmental permitting process. In 2022 these involved themes surrounding biodiversity, such as the importance and potential of the Caatinga, and the negative impact of hunting and inappropriate species capture. The results of a fauna census were shared in easy-to-understand language, giving feedback to the communities regarding the information gathered during the permitting process. These measures demonstrate the synergy between socioenvironmental programs.

During construction of the Oitis Wind Complex between Bahia and Piauí, solar panels were installed in the Joaquim Oliveira da Silva Municipal School in the Lagoa do Alegre community in Casa Nova (BA), and the Dom Inocêncio (PI) Primary Healthcare Unit to generate clean energy and reduce costs for the city governments. The Lagoa do Alegre central church was also revamped and painted. Two wells were dug and a fountain installed in Dom Inocêncio (PI) and Lagoinha da Coan, in Casa Nova (BA).

Professional resources were deployed in the area of influence of the Luzia Solar Plant in Santa Luzia (PB) to provide professional development courses in best practices in solar panel metal structure erection.

Transmission companies implement individual projects with the communities around each venture as part of the permitting requirements. Environmental education programs put forth themes followed by debates, workshops, and shared graphic material, thus empowering the population regarding the social and environmental scope and enabling it to play an active role in defending the environment.

Numerous social and environmental programs are also performed around the Itapebí, Corumbá III, Dardanelos, Baguari, Teles Pires, and Baixo Iguaçu hydro plants, also part of the environmental permitting procedures. These involve environmental education for socially vulnerable groups based on participation of the people and territorial management. Two action lines are followed. The first enables community organizations to participate



and strengthen social control in terms of public environmental management, and the second seeks to fulfill the agenda of priorities submitted by the community regarding environmental problems in the region.

## Land development

### GRI 203-1 | 5.4, 9.1, 9.4, 11.2

Neoenergia is also involved in other territorial development initiatives performed using non-compulsory funds (*private social investment - see more in section 3.3.4. Contributions to Society*), which benefit the communities surrounding its facilities. For 2022 we highlight the following initiatives:

#### SER Program

Neoenergia's SER Program acts on pillars that have a direct impact on the City Human Development Index (CHDI) in the areas where it has wind farms and transmission lines, working on the three dimensions of the HDI that also form the project acronym (in Portuguese): Health, Education, and Income. This program was created in 2020, with the support of the Neoenergia Institute, and is implemented by the local Economic Development Agency (ADEL) with onlent social funds from the BNDES.

A number of activities based on this premise were implemented in 2022, involving 775 households and 14 communities in Paraíba and Rio Grande do Norte. One of them was the Young Rural Entrepreneur Program, a course on rural entrepreneurship and social empowerment for young people in the region's rural communities. A total of 47 students were certified after submitting sustainable business proposals for the communities where they live.

Other projects were developed with the dens of the region, such as initiatives with the Serra do Talhado quilombola community potters in Santa Luzia (PB) (see more in [3.3.2.3.c Projects with Indigenous and traditional communities](#)).

The communities involved in the SER Program are encouraged to be involved in the family farming process. The so-called Productive Yards are a way for families to grow and produce vegetables for their own use, increasing food security. In all there are 19 productive yards and two community nurseries, benefiting 120 families that are helped with farming, managing, and selling the output of their rural enterprises.

#### Productive Energy in Caetité

Three Agroecological Demo Units were set up to encourage local rural development and facilitate education. These involved representatives of the communities of Invernada, Vargem, Escadinha, Ilha/Pirajá, and Sucupira, all surrounding Caetité (BA) and the local agroecological cooperative. The city's waste cooperative—Coopercicle—was also involved in activities to improve local vegetable gardens and composting, seeking to contribute to the handling of solid organic waste and the production of compost and farm products for sale, with training from cooperative members.

In the urban setting, digital training courses were provided for the students in technical courses at the Sertão Produtivo territorial center for professional education, also involving people in the surrounding communities to facilitate local entrepreneurship and access to the job market. This project was completed in the first quarter of 2022.



### Winds of Change Project

This is an innovative partnership between Neoenergia, Rio Energy, and Ceteb, the Sertão Produtivo Territorial Center for Professional Education, a technical school in Caetité (BA) to help develop local young professionals and citizens who lack opportunities for extracurricular activities, essential for those in a technical school.

Thus, Neoenergia and its partners created an education calendar with Ceteb, comprised of a number of different steps: Working group for Youth and Environmental Education, Theoretical and Practical Activities in Environmental Education, Guided visits to the Wind Park, discussions with professions from both companies about careers, professions, and the job market. Over 100 students benefited from this activity in 2022.

### Educaatinga Platform

In 2022 the company had initiatives to promote biodiversity, especially in the *Caatinga* biome. Working with Cieds, the Integrated Center for Sustainable Development Studies and Programs, and Embrapa [Empresa Brasileira de Pesquisa Agropecuária], which focuses on farm research, Neoenergia created the International Education Day and National Caatinga Day, a digital Educaatinga platform (<https://educaatinga.cieds.org.br/>) with educational tools that include a game, a learning primer, and curated materials to deepen knowledge and awareness of biodiversity in the *Caatinga* with reports, films, documentaries, and podcasts, among others. In a fun and visual manner inspired on “cordel” literature, the goal is to engage and make children and adolescents aware of the importance of conservation.

Platform and game testing and validation included teachers and students at three public schools in Rio Grande do Norte, Paraíba, and Bahia, where Neoenergia has wind farms. The idea is that the platform will be used by all parties interested in this 100% Brazilian biome.

### Accelerating Development

The Teles Pires Hydro plant and the BNDES, working with the United Nations Development Program (UNDP), are running an Accelerated Development Project to increase local capabilities in government administration for sustainable territorial development in Jacareacanga (PA), Alta Floresta, and Paranaíta (MT).

## 3.3.3.2 Impact assessments

### GRI\_203\_413, 413-1, 413-2 | SDG 1.4, 2.3

Each Neoenergia business complies with specific environmental legislation, which defines the template of the environmental impact statement to be prepared and, depending on the type of venture and its location, a Participative Socioenvironmental Diagnosis may also be performed or updated, as necessary.

These assessments include an analysis of the potential impact on human rights, such as the right to a clean, safe, healthy, and sustainable environment, and the environmental impact such as emissions, noise, waste, fires, loss of regional biodiversity, changes in soil, interference in the landscape, limited access to water and forest resources, etc.

The socioeconomic environment is also analyzed. This involves the demographics of nearby cities and towns, cultural and historical heritage, increased demand for jobs in certain areas, and the impact on basic infrastructure such as roads and highways.



Whenever indigenous and traditional communities exist in the area of influence, specific social impact studies are performed targeting these populations. During the course of impact studies, applicable legislation ensures that the affected populations and government representatives will be involved.

In 2022, Neoenergia Coelba prepared simplified environmental studies to build distribution lines carrying as much as 34.5 kV, which, while interfering in indigenous and quilombola territories, were built to serve these very communities. As this was considered to be of low environmental impact a full Environmental Impact Study and/or Statement (EIA/RIMA) were not required.

## Engagement plans

Even with no standard procedures to assess the socioeconomic impact of these activities, the company has compensation programs to serve the population and minimize any negative aspects that may have been identified in these studies. *(For further information see 3.3.3.1 Local community development programs).*

In the process Neoenergia develops engagement plans for interest groups to strengthen the connection with community leaders and organizers. In this way the company seeks to foster expanded reflection on the importance of initiatives focused on the desired transformation and development of the communities surrounding its facilities.

As best practices, between 2021 and 2022 procedures to engage stakeholders in the Caetité Wind Complex were updated. This initiative followed international best practices to foster suitable environments for dialog, enabling debates about the relationship between the company and the community, strengthening alliances on behalf of sustainability.

A socioenvironmental diagnostic was performed with the involvement of government agents, and local, and community leaders to understand the needs and expectations of the communities in the region. This produced a socioenvironmental vulnerability map and updated the stakeholder and material topics matrix, and also enabled an analysis of the social risk. Social projects were developed based on this data, in support of local communities. These are described under 3.3.3.1- Local community development programs.

## Indirect economic impacts

In addition to the direct economic impact resulting from the cash flows that are generated, Neoenergia also contributes with other effects or indirect economic impacts.

### GRI 203-2 | SDG 1.2, 1.4, 3.8, 8.2, 8.3, 8.5

The expansion of electricity systems drives regional economies and creates employment opportunities, contributing to economic and social enhancement.

The positive effects at the local level include, among others, improvement in the economy and employment (direct and indirect), revitalization and repopulation of distant and uninhabited rural areas, fees, taxes and duties at the different stages of activity and areas of operation, training professionals, support for local communities through various sponsorship initiatives, promotion of economic development, better quality of life through electrification, etc.

Likewise, and at a general level, renewables projects contributing to reducing overall CO<sub>2</sub> emissions of the nation's energy mix and the planet, which helps interrupt global warming and supports decarbonization goals.





Potential negative effects the company seeks to avoid include:

- Environmental risks that may give rise to undesirable consequences for the environment, such as spills and improper emissions, or waste management.
- The impact on the landscape surrounding facilities (hydro plants, wind farms, transmission, and distribution lines), and the possible negative effects (during construction or operation) on the natural environment and traditional activities, particularly in the rural environment, such as ranching, hunting, or fishing.

#### GRI 203-1 | SDG 5.4, 9.1, 9.4, 11.2

During the construction and operation of its facilities, Neoenergia also carries out certain infrastructure activities that are unrelated to its facilities, but rather intended to meet the needs of local communities, resolving existing shortcomings.

As an example, in 2022 the Teles Pires Hydro Plant donated a container to the Albert Sabin Regional Hospital in Alta Floresta (MT), to help in the fight against Covid-19 and improve the care of patients in the municipality and region. Neoenergia Coelba opened the Energy Museum located in an agency installed in a historical building in the Pelourinho neighborhood. This includes new technology and immersive experiences on the history of electricity and the concepts of electric power. The museum is open to the public and has areas for projections and all-in touch exhibits that help the public understand more about the universe of electricity.

Transmission and wind generating companies invested in infrastructure in locations where traditional, indigenous, and quilombola peoples live, as shown in [3.3.3.2c. Projects with indigenous and traditional communities](#).

### 3.3.3.3 Procedures for checking with local communities

The company's generation and transmission projects are preceded by public hearings with all stakeholders, including traditional populations living in the immediate surroundings.

For wind farms and hydro plants in operation, in addition to in-person communication with neighbors, there is an open channel with owners and communities impacted by these ventures, where they can voice their concerns and complaints. Various free-of-charge communication channels are available, managed with the support of specialized contractors, with ensured non-retaliation. These channels are constantly disclosed in in-person communication campaigns and information materials.

When building and implementing power grids and substations, distribution and transmission companies look for routes that will not interfere with population clusters or the environment. High-voltage ventures are disclosed via social networks and local radios broadcasting to the areas of direct and indirect influence.

To improve management and mitigate impact on the communities where Neoenergia is present, operating procedures will be reviewed as of 2023 to ensure suitable query mechanisms according to the recommendations in the UN Guiding Principles on Business and Human Rights. To make it easier to include these recommendations in formal procedures, guidelines for Implementing Best Practices Relating to Local Communities were drawn up, along with a medium-term project for implementation.



### 3.3.3.4 Management of population displacements

GRI ex-EU20, EU22 | SDG 1.4, 2.3

Populations may be displaced during the construction phase. This is governed by ANEEL, the National Electric Power Agency, whenever an area is declared of Public Use (DUP) and labeled for expropriation and the creation of administrative rights-of-way in the areas required to build generation, transmission, or distribution ventures by utilities, concessionaires, and other authorized parties.

**Distribution** – No population displacement is expected as all studies to implement high-voltage distribution lines seek to avoid any impact that would require population displacement. Any economic damage is reimbursed based on the table of values created by the venture. However, in all cases efforts are made to minimize and/or avoid major economic impact.

**Transmission** – In the case of transmission ventures, preliminary studies of Transmission Lines and Substations analyze the impact of their construction and options to avoid population displacements, avoiding them as much as possible. If damages are incurred in any step they are suitably reimbursed. All employees involved are guided by requirements to avoid or minimize damages.

**Hydro Plants** - There were no population displacements in 2022, nor are any expected, as all Neoenergia hydro plants are fully operational. All socioenvironmental programs determined by the permitting environmental agencies are underway.

**Wind Farms** - Displacements associated with wind farms are generally amicable, and the company provides all basic inputs and infrastructure for building new homes, in addition to support in the areas of health care, safety, and well-being. Assessment of damages resulting from construction are based on Brazilian laws and the approach in negotiation reports (ABNT/NBR 14653-1:2001), seeking to preserve good relationships with the communities and stakeholders directly or indirectly involved with the ventures.

**Thermal Plants** - There were no population displacements in 2022, and none are expected.

**Liberalized** – No population displacements are expected regarding the products and services marketed by the Liberalized group of companies.



### 3.3.4. Contributions to society

#### GRI 203-1, 413-1

Neoenergia uses its own and tax-deducted funds on social and environmental initiatives that benefit communities in the locations of its operations. Activities are undertaken by different areas of the company and the Neoenergia Institute, always aiming to fulfill the Sustainable Development Goals (SDG). These investments complement the socioenvironmental projects included in the environmental permitting process and the territorial development programs using non-compulsory funds (*see section 3.3.3.1 Development programs for local communities*), and socioeducational programs and projects in energy efficiency.

Neoenergia also indirectly encourages the customers of Neoenergia Coelba, Neoenergia Pernambuco, Neoenergia Elektro, and Neoenergia Cosern to make donations to non-profits via their power bills. In 2022, this strategy resulted in some R\$ 48.7 million donated to 14 institutions, including Legião da Boa Vontade, Hospital de Câncer de Pernambuco, Associação de Pais e Amigos dos Excepcionais (Apaee), Unicef, and Obras Sociais Irmã Dulce.

#### COMMUNITY CONTRIBUTION (R\$ THOUSAND)

	2022 <sup>1</sup>	2021 <sup>3</sup>	2020 <sup>2-6</sup>
<b>By category</b>			
Spot contributions	1,006	N/A	N/A
Social investment	24,214	N/A	N/A
Initiatives aligned with the business	1,231	N/A	N/A
Management costs <sup>4</sup>	1,051	N/A	N/A
<b>By type of contribution</b>			
Cash contributions	26,224	N/A	N/A
Employee time	0	N/A	N/A
In-kind contributions	227	N/A	N/A
Management costs <sup>5</sup>	1,051	N/A	N/A
<b>By contribution area</b>			
Education	3,970	N/A	N/A
Arts and culture	10,523	N/A	N/A
Welfare	3,177	N/A	N/A
Socioeconomic development	7,156	N/A	N/A
Environment	1,233	N/A	N/A
Humanitarian aid	392	N/A	N/A
<b>Total</b>	<b>26,451</b>	<b>19,361</b>	<b>74,723</b>

<sup>1</sup> The amounts for 2022 include the contributions of Neoenergia Coelba, Neoenergia Elektro, Neoenergia Cosern, Neoenergia Pernambuco, Neoenergia Brasília, Itapebi, Lagoa 1, Calango 6, NC Energia, Termopernambuco, Neoenergia Holding, and the Neoenergia Institute, all of which comply with B4SI. Compulsory amounts resulting from environmental permits are excluded, as are brand and image sponsorships, investments in Energy Efficiency Programs, in Research and Development, and the Light for All Program.

<sup>2,3</sup> For 2020 and 2021 investments excluded the Business for Societal Impact criteria (B4SI), an approach used as of 2022. Thus, the numbers presented are the same as those in the 2021 report (page 79), with the "Social Development" line excluded from the total (equivalent to the Light for All Investment).

<sup>4,5</sup> Management costs, i.e. the administrative costs of the Neoenergia Institute are also not included in the total as they are not direct investments in socioenvironmental programs and projects.

<sup>6</sup> In 2020, the total reported included customer donations via their power bills, which have been excluded from these calculations since 2021 as the company understands that these amounts should not be consolidated as private social investments by the group, as the customer is solely responsible for the investment. [GRI 2-4](#)

To remain connected to the agenda for responsible development in Brazil, each year Neoenergia participates in the Corporate Social Investment Benchmarking (CSIB) exercise coordinated by Comunitas. This provides an



overview of private social investment in Brazil using a survey measurement methodology to help the company reflect on the nature of its social investment. In 2022, the company switched to the internationally known Business for Societal Impact (B4SI) framework as an approach to measure and analyze business contributions to the community.

In 2022 we point out the following private investment initiatives:

### **Together for Sustainable Development**

The goal of this program is to encourage public-private partnerships to improve government administration, resulting in local development and better public services in Brazil. With the involvement of numerous private leaders, Juntos develops direct and sustainable activities in 5 states and 25 cities and towns across Brazil. Neoenergia has partnered in activities with city governments in Salvador (BA), and in Petrolina, Caruaru and Recife (PE). In 2022 we highlight initiatives in Recife, PE in urban mobility, especially trying to make public transportation more attractive, along with fostering investments to electrify the bus fleet.

### **Support for Casa de Misericórdia**

The Itapebi UHE helps Casa de Misericórdia, an orphanage in Itapebi, BA that provides full time care for 20 children for an indefinite amount of time. These children are sent to this organization by the Public Prosecutor as they were abandoned or are at risk. Casa de Misericórdia is the only orphanage in the city to provide this type of social service. All of the children go to school regularly and participate in social activities. The orphanage survives from donations and, since 2009, has received a fixed stipend from UHE Itapebi.

### **Impact of heavy rains in Bahia and Pernambuco**

Neoenergia provided emergency support to mitigate the impact of heavy rainfall in Bahia and Pernambuco in the first half of 2022.

Families in Southern Bahia received stoves, household utensil kits, and mattresses from Neoenergia Coelba, purchased with donations made and collected by Neoenergia employees through the Volunteer Program, or donated by the Neoenergia Institute. In all, 145 stoves, 237 grocery kits, 250 mattresses, 100 bed-linen kits and 175 bath kits were donated. The distributor's Energy Efficiency Program donated 2,000 refrigerators and 5,000 efficient light bulbs. The Itapebi Dam donated 780 grocery kits in the towns of Itapebi, Belmonte, and Itagimirim in Bahia, and Salto da Divisa in Minas Gerais.

In Pernambuco, 300 households in Recife that experienced the impact of heavy rains received 4,000 basic needs items such as cleaning and personal hygiene goods for adults and children, mattresses, bed linen, pillows, and blankets, donated together with Transforma Brasil and Neoenergia volunteers. Through the Volunteer Program, Neoenergia Pernambuco employees collected a further 500 personal hygiene kits for these communities. The Distributor Energy Efficiency Program donated 1,204 refrigerators and 1,571 efficient light bulbs.

### **Caring Christmas**

As a contribution to the year-end holidays, the renewables (wind) business donated 72 grocery kits to the people of the Zumbi Settlement in Rio do Fogo (RN). The goods were purchased from local merchants with the support of community leaders.



### 3.3.4.1 Volunteering

#### GRI 203-1, 413-1

The Neoenergia Volunteer program always has opportunities for engagement in social initiatives on behalf of those living in the areas where the company is present. All initiatives are aligned with the UN Sustainable Development Goals.

To add relevance to the program, since 2021 Neoenergia has been part of the Brazilian Corporate Volunteer Council (BCVC), which is a plural, independent, non-partisan network of leading companies, federations, institutes, and foundations to promote and develop volunteering in Brazil and abroad. This council provides room for innovation, collective development, and dialog among members. The Volunteering Program participated in the *Aplauze* ("Applaud") Awards for the first time, and was a finalist in the #Inspire category, a highlight initiative of the pandemic with its Kilo Operation in 2021.

In 2022, 3,234 employees participated in the Volunteer Program and were engaged in 35 opportunities with all companies across Brazil. Highlights:

- **Feminine Pads** Over 150,000 feminine pads were collected to help fight menstrual poverty.
- **Teaching Professions** – Talks focused on helping young people get quality jobs. This activity took place in five states and impacted over 700 people.
- **Clothing donations** - Over 23,000 items of clothing were collected and donated to 64 institutions.
- **Kilo operation** – Over 28,000 kg of food were donated, collected, and distributed to thousands of people through 96 NGOs;
- **Donation of 25,000 tree saplings** – In celebration of Neoenergia's 25th anniversary, 25,000 tree saplings were donated to be planted with SOS Mata Atlântica, thus helping reforest the Atlantic Forest.
- **Assembling skate boards** – During the Leadership Convention held in Costa do Sauípe, Bahia, participants assembled 50 skate boards donated to children and youth of the Esporte e Vida institution.
- **Solidarity tree** - This traditional Christmas campaign happened in Bahia, the Federal District, Rio Grande do Norte, Rio de Janeiro, Pernambuco, and São Paulo. Volunteers mobilized and delivered 2,495 Christmas gifts to children served by 35 NGOs in service areas.
- **Iberdrola International Volunteer Day** – With the return of in-person activities, this mobilized 2,065 employees across all Neoenergia companies in initiatives that directly or indirectly benefited 14 NGOs and 2,000 people.
- **Community Sports** – Neoenergia employees use an app to record walks, runs, and cycling. This challenge totaled over 12,000 kilometers across all volunteers. These were converted into 600 pairs of sneakers for five institutions that help children and young people in Pernambuco, Bahia, São Paulo, Rio Grande do Norte, and the Federal District.
- **I keep my area clean** – Volunteers and family members clean and clear areas around homes, collecting over 1.5 metric tons of trash from the streets.

#### Emergency relief

The Neoenergia Volunteer program sponsored a number of emergency measures to help those impacted by heavy rains in the Southeast and Northeast of the country, reinforcing its commitment to the population in the areas where it operates.



In Rio de Janeiro, 1.1 metric tons of food were collected for the victims of floods and mudslides in the city of Petrópolis.

In Franco da Rocha and Francisco Morato in SP, both served by Neoenergia Elektro, 1,5 000 metric tons of food, 132 liters of water, some 700 cleaning goods, and 3,000 apparel and footwear items were donated.

In Bahia, the Volunteer Program and Transforma Brazil organized a group effort to gather donations. Volunteers gathered over R\$ 62,000, donated to victims in the region. This was matched 1:1 by Neoenergia. Funds were used to purchase mattresses, stoves, and other items needed by the population.

Because of strong rains in Pernambuco in June, volunteers spent time and energy helping organize and deliver 4,000 immediate need items donated by Neoenergia Pernambuco, and gathered another 500 personal care kits via donations by the Transforma Brasil Fund.

### Neoenergia and Transforma Brasil Partnership

Transforma Brasil is an independent civic engagement and mobilization organization that seeks to transform Brazil via its people. 2022 was the third year in which Neoenergia partnered with this organization, helping expand its scope across the country. This partner also helped the company develop its Volunteer Program, helping recommend institutions and partners to achieve positive social impact.

#### VOLUNTEERING

	2022 <sup>1</sup>	2021	2020
Number of active volunteers in the year	3,511	2,018	1,740
Total hours spent volunteering	6,046	7,030	4,366
Number of actions	35	177	100

<sup>1</sup> Starting in 2022, a new method has been used to total hours spent volunteering and number of actions. [GRI 2-4](#)





### 3.3.5 Neoenergia Institute

#### GRI 203-1, 413-1

The Neoenergia Institutes focuses on building a better world, aligning sustainable development and the creation of social value in the communities where it is present. Its intention is to contribute to reducing social inequality, connecting people and strengthening civil society networks, joining the fight against climate change and supporting initiatives that promote achieving the UN Social Development Goals and contributing to the 2030 Agenda.

The work of the Institute follows the guidelines of the Iberdrola unified Master Plan 2022-2025, which guides the group's foundations and institutes in its five pillars of action: Training and Research, Biodiversity and Climate Change, Art and Culture, Social Actions, and Institutional Collaboration.

The Institute has its own governance, Board of Directors, Fiscal Board, and Executive Officers. It also sits on Neoenergia's Institutional Committee, comprised of representatives from Compliance, Institutional and Government Relations, External Communications, Innovation, Sustainability and Corporate Social Responsibility. In 2022 it has its own defined purpose.

#### Purpose

Contribute to creating sustainable social value for the more vulnerable in the communities, betting on sustainable development wherever Neoenergia is active, based on the principles of ethics, good governance, transparency, quality, innovation, care for the environment, equal opportunities, and the achievement of the Sustainable Development Goals.

#### Values

Offer a response based on Neoenergia's social commitment, working in a coordinated manner on the objectives defined by the Iberdrola Foundations Committee in Spain, and reflecting its commitment to fight against climate change and on behalf of the well-being of society, joining forces across the other institutes and foundations present in five nations.

**Sustainability:** significantly support the 2030 Agenda and contribute to achieving specific SDGs. Use a sustainable approach to human development to promote positive changes for people and our planet.

**Social Commitment:** seek synergies and mobilize Iberdrola's technical, institutional, and financial skills to provide specialization and added value to the actions of the foundations, which perform their activities based on a firm social commitment to the geographies where the company is present.

**Rigor and excellence:** deep dive into the quality of our programs, supporting continuous process improvement to become more efficient and ensure greater impact. Create alliances with social organizations and well-known institutions that are specialized and have experience, and are also feasible and solvent.

**Transparency:** Develop annual action plans and guide activities towards results, further exploring assessment and account rendering mechanisms. Communicate the work of the foundation to employees, shareholders, the third sector, and society in general.

The Institute is present in 12 Brazilian states and the Federal District. It connects to the priority (1, 4, 11, 15 and 17), and a further eleven (2, 3, 5, 6, 7, 8, 10, 12, 13, 14, and 16) SDGs, thus contributing directly to 16 of the 17 SDGs of the 2030 Agenda.



It develops initiatives on behalf of society in general and that generate positive impact for sustainable development. In 2022, some R\$ 4.6 million were invested in projects under its management in over 180 municipalities across 12 states and the Federal District.

### INSTITUTO NEOENERGIA INVESTMENTS (R\$ THOUSAND)<sup>1</sup>

Area of Activity	2022	2021	2020
Training and Research	950	914	794
Biodiversity and climate change	1,143	606	653
Arts and culture	978	507	196
Social actions	1,461	1,752	2,622
Institutional collaboration	27	20	19
<b>Total</b>	<b>4,559</b>	<b>3,799</b>	<b>4,284</b>

<sup>1</sup> Investments using Instituto Neoenergia funds, excluding management costs.

#### 3.3.5.1 Training and research

The Neoenergia Institute believes education is the main tool to foster inclusion and reduce social problems. Despite the issues students faced in the two pandemic years, the Training and Research pillar has become even more important. Teacher and school administrator training and qualification is one of the lines of action of this pillar. Among these initiatives we highlight *Balcão de Ideias e Práticas Educativas* (“Education Ideas and Practices Exchange”) (CIEDS), the goal of which is to strengthen the training of education players by training teachers and managers in the network of municipal schools in the states of Paraíba, São Paulo, Rio Grande do Norte, Pernambuco and Bahia, encouraging the development of new education policies that are aligned with the ten general competencies of the BNCC, the national common curriculum base.

Courses have been offered for five years now, and after two years online because of the Covid-19 pandemic, they are now offered in hybrid format, in response to participant requests. Three self-teaching courses were created, taking advantage of the material produced for online training during the pandemic, making training available to teachers across Brazil.

*This initiative contributed directly to fulfilling specific SDG 4 targets: Quality education, 16: Peace, justice and strong institutions and 17: Partnerships for the goals.*

#### 3.3.5.2 Biodiversity and climate change

Neoenergia Institute, through its Biodiversity and Climate Change Pillar, works to preserve land and sea ecosystems, with initiatives that help mitigate the impact of climate change. In addition, it has the following three lines of action: Protecting the fauna, preserving and restoring marine ecosystems, and accelerating NGOs and impactful businesses involving the environment.

The main project in this pillar is Coralizar, a partnership with WWF-Brazil, Instituto Nautilus, Biofábrica de Corais, the Federal University of Pernambuco, and the Federal Rural University of Pernambuco.

Coralizar further develops approaches to restore corals focused on native building species. One of these, *Mussimila hartii*, is endemic to Brazil and susceptible to extinction due to climate change. In 2022 the survival rate of corals in the cultivation beds in Tamandaré and Porto de Galinhas was 70%, while there was 10%



mortality only among *Mussimila hartii* in Porto de Galinhas; 41 nurseries were created, 36 in Porto de Galinhas and 5 in Tamandaré. A total 2,528 seedlings were handled.

Acceleration of the Green Impact program created in 2022 is another Neoenergia Institute initiative, together with the Ekloos Institute. The goal is to train Civil Society Organizations (CSOs) in social businesses that have a positive impact on mountain ecosystems and the fight against climate change, especially in biodiversity, sustainable tourism, sustainable agriculture, and environmental technology. It works with remote mentoring and, at the end of the acceleration period in 2023, these institutions may receive up to R\$ 100,000 in financial incentives. This program stands out for using agile corporate methodologies adapted to the social reality. For this, eight initiatives are being accelerated with a total 226 hours of mentoring.

The Flyways project, a partnership with SAVE Brazil, continued to monitor some 20 species of wetland and migratory birds in their natural habitat in 2022, helping preserve the species at the hemisphere level in the Potiguar Basin (RN). This region is in the process of being recognized as a WHSRN (Western Hemisphere Shorebird Reserve Network) site.

*This initiative will directly contribute to achieving the specific targets of SDG 4: Quality education, 12: Responsible Consumption and Production, 13: Climate action 14: Life below water, 15: Life on land and 17: Partnerships for the goals.*

### 3.3.5.3 Art and Culture

Through its projects, programs, and calls for proposals, and with the support of partners, the Arts and Culture pillar aims to value the historical heritage and preserve the rich local cultural diversity of Brazil, fostering culture in Neoenergia territories by valuing cultural diversity and the people involved in culture, safeguarding the historical heritage, and developing a creative economy to create income and jobs.

One of the highlights for the year was the 2nd *Inspirar* ("Inspire") Award, given to female leaders who develop initiatives in arts and culture, promoting social transformation in their territories. In 2022, the *Inspirar* Award was expanded to all distributor service areas and municipalities in Rio de Janeiro, including the so-called Baixada Fluminense, with 164 applications, 34% more than in 2021. Sixteen leaders received the award, with 33,715 votes during the voting period. Of these, 6 involved projects or leaderships associated with indigenous, quilombola, or Afro-descendant communities.

The Transforming Energy into Culture call for proposals presented two major innovations. The first was the creation of a central desk for closely monitoring the 25 projects selected in 2021. The second was expanding the scope of calls for projects, which now also promote arts and culture in the Federal District. In 2022, a total of 42 projects were selected, 23 in Rio Grande do Norte, 11 in the Federal District, and 8 in Bahia, all to be monitored by the center in 2023. This program supports socio-cultural projects that contribute to SDGs 4, 8, 11, and 17, and value culture in the states where they are executed. Transforming Energy into Culture is enabled through the following laws: Câmara Cascudo (RN), Faz-Cultura (BA), and the Culture Incentive Law – LIC (DF).

The Cultural Lighting Program aims to help safeguard buildings and monuments that are part of Brazil's historical and cultural heritage, and resumed following the pandemic. In 2022, it fostered stage lighting at Teatro Cinema Guarany, in Triunfo (PE), an iconic theater in the interior of Pernambuco. Triunfo marked the start of a new phase in the program, aimed at valuing the cultural heritage of the hinterland of Brazil. Two new fronts were added, one on educating public schools on this heritage, and another for cultural interventions in communities, with 100 artists and local Triunfo businesses. About 400 students and 14 Triunfo schools participated in the program. During the opening there was a show by participating schools, with short films made as part of the program's educational activities. About 1,200 people participated in the inaugural event



held for the community. The Theatro Cinema Guarany project was a partnership with Fundarpe, the Pernambuco Foundation for Historical and Artistic Heritage, and the Triunfo City Government.

OCA, or Artistic and Cultural Workshops, offered 240 openings for youth 16 to 24 and socially vulnerable women in the cities of Campos do Jordão, Santa Isabel, and Capão Bonito in São Paulo. With as many as 144 hours of training in creative economies—digital culture, fashion and product design—the project fostered opportunities for jobs and income creation, taking advantage of the potential of the students and the locations where they were welcomed. This initiative is developed with ProAC (São Paulo Cultural Action Program) funds.

Another important project was developed in the slums, entitled “Between Heaven and the Favela” [*Entre o Céu e a Favela*], supported by the City of Rio de Janeiro municipal culture incentive law. This organization has been working with the Morro da Providência community, a vulnerable community close to the Rio de Janeiro Port, with multidisciplinary workshops in the period of the day when the youth and children and not in school, and professionalizing workshops for their mothers. The project also organizes workshops to stimulate the creativity of youth and adolescents, such as stilts and creative writing. This initiative is led by a winner of the *Inspirar* 2021 Award in the category of Cultural Production or Civil Society Organizations.

In 2022, Neoenergia Institute supported the first project in the “Recovering History” [*Resgatando a História*] initiative, the largest ever public call for projects for recovering and restoring Brazil’s cultural heritage, a partnership with the BNDES. R\$ 2 million were applied to requalifying Portomídia, via the Federal Cultural Incentive Law. Part of the architectural and urban landscape of this neighborhood in Recife, the project’s main front will be executed between 2023 and 2025, revamping this IPHAN-protected property. This will enable requalifying and expanding Portomídia, the Center for Creative Economy Technology and Entrepreneurship, which will foster and strengthen six cultural economy value chains using technology such as games, movie and video animation, multimedia, design, photography, and music.

Finally, in 2022 the “Energy that Transforms Caravan” continued its activities to train sociocultural managers. The online training modules, curated by the Culture and Market team, started working in April on themes focused on the sociocultural market, such as management, funding, creative economy, the 2030 Agenda, creative collaboration, sources of funds, and collaborative practices. In Brasília it organized an event entitled “Caravan Trails, paths to good management” [*Trilhas da Caravana, caminhos para uma boa gestão*], a rich in-person event with a lot of exchange, learning, and networking for culture in the Federal District. Neoenergia Brasília hosted the event, which involved some 40 sociocultural managers.

This pillar contributes directly to SDG 4: *Quality education*, 5: *Gender equality*, 7: *Affordable and clean energy*, 8: *Decent work and economic growth*, 10: *Reduced inequalities*, 11: *Sustainable cities and communities*, and 17: *Partnerships for the goals*.

### 3.3.5.4 Social Action

To drive human development and inclusion, Neoenergia Institute’s Social Action pillar works to foster and strengthen third-sector organizations that work primarily with the vulnerable and outlying communities. It also promotes initiatives that empower children, youth, and women, enabling a sense of territory and community to achieve social transformations.

The lines of action for this pillar run along two dimensions: Enable the actions of civil society and social business organization, developing youth and children via sports.



These initiatives include Impactô, a Social Acceleration Program created in 2019 as a partnership with Instituto Ekloos. It focuses on strengthening Civil Society Organizations (CSOs) and impactful businesses, selected via a call for proposals to receive training and mentoring in management, strategy, business, and innovation. This is the fourth year of the program, and is focused on social organizations and/or businesses that work with children, adolescents, and youth in education, professional training, and social inclusion of people with disabilities or serious diseases.

Healthy Communities is a partnership with CIEDS, and enables the ability to have impact and the sustainability of community-based organizations by fostering integrated and territorial arrangements for social inclusion that optimize local resources, capture synergies across efforts, and articulate collective and cross-sector efforts. In this project we highlight the proposal for collaborative action plans between community-based organizations, using social tools such as the social development and maturity grid, which analyses the sustainable capabilities of each organization, thus making it easier to design strategies with growth and improvement targets and goals.

Six community-based organizations in three states and five cities were benefited by this project: Natal (RN); Salvador (BA); and Caieiras, Francisco Morato, and Franco da Rocha (SP), which together serve around a thousand people. Beneficiaries include children, adolescents, youth, Blacks, women, LGBTQIAP+, PWD, the homeless, people exposed to violence, and culture makers.

Regarding Territories for Infancy, we partnered with CIEDS to strengthen civil society organizations and local public facilities for children and adolescents. The project seeks integrated and articulated network operations, optimizing resources, enabling local knowledge, making service flows faster and easier, referring and encouraging cross-sector pacts and alliances, and fostering public and private policies and programs to catalyze opportunities to expand and increase social inclusion and comprehensive development of children and adolescents. Among the 2022 achievements we stress the launch of the Opportunity Guides, the development of local network governance, monitoring integrated plans, launching the Fund to Foster Network Actions, closer relationships with universities, research institutes, and private enterprise, strengthening the network with the actors in the System to Ensure Rights (prosecutor's office, public defendant, juvenile courts, guardianship courts, and the CMDCA), among others.

The Bright Minds and Educating through Sports projects also delivered important results for the Neoenergia Institute in 2022. Both are enabled by the SP Sports Incentive Law (LPIE-SP), and promote sports in the period in which children and adolescents aged 6 to 17 are not in school. Some 273 children benefited in 2022. Bright Minds offered Tai Chi Chuan, a form of Chinese Martial arts that works on posture and breathing, at four partner schools in the city of Limeira, SP. Educating through Sports happened in Caieiras and Itapeva, SP, offering basketball and handball, respectively.

Still in social actions, emergency actions were taken to support the people of Bahia affected by flooding in the first quarter of the year, in a joint effort with the Neoenergia Volunteer Program. Donations gathered by volunteers were matched 1:1 by the Neoenergia Institute, thus doubling the amount that was used to purchase mattresses, stoves, and other items needed by the people.

*The Social Action pillar contributes directly to SDG 1: No poverty; 2: No hunger; 4: Quality education; 5: Gender equality; 6: Clean Water and Sanitation; 8: Decent work and economic growth; 10: Reduced Inequalities; 11: Sustainable Cities and Communities; 16: Peace, Justice, and Strong Institutions; 17: Partnerships for the Goals.*



### 3.3.5.5 Institutional Collaboration

This pillar stimulates strong relationship networks between the players in the private social investment field, so that they may have a plural space to build and exchange knowledge.

### 3.3.6 Neoenergia and the Global Compact

As part of its commitment to creating shared value and social dividends, Neoenergia has aligned its business and sustainability strategy with the United Nations' (UN) Global Compact Principles and Sustainable Development Goals (SDGs), which are engaging companies around an agenda to eradicate poverty, promote prosperity and well-being, and protect the environment.

Since 2021, Neoenergia's vice president for Regulatory, Institutional and Sustainability Affairs, Solange Ribeiro, has served as vice-chair of the UN Global Compact Board, a coalition of more than 12,000 companies in 160 countries that have aligned their strategies and operations with ten principles on the environment, labor, anti-corruption and human rights, helping to build a resilient and carbon-neutral economy.

Based on these commitments, Neoenergia takes the SDGs into consideration as guidance in its decision-making processes, the principles of which inform the group's conduct and daily tasks, rejecting conduct that contravenes or hinders them. The main focus of its initiatives is on SDG 7 (Clean and affordable electricity) and 13 (Climate action), which are intrinsically related to the power sector.

Neoenergia is also committed to other SDGs that contribute directly to the sustainability of its business: clean water and sanitation (SDG 6), industry, innovation and infrastructure (SDG 9), life on land (SDG 15) and partnerships for the goals (SDG 17). These goals correlate with the main topics covered in this report and are considered material to sustainability management at Neoenergia (*the materiality process is addressed in section 6.2 of this report*).





# 4. Governance



## 4.1 Good governance, transparency, and stakeholder relations

### 4.1.1 Corporate governance

Neoenergia's Governance and Sustainability System combines the standards and principles that govern the group's organization and operations, and its relationships. Initially configured as a corporate governance system, it recently incorporated new international practices in themes such as the environmental, society, and governance, thus becoming a governance and sustainability system.

It is complemented by the Overall Governance and Sustainability Policy, which defines the overall corporate governance strategy and commitments, based on enforcing ethical standards and compliance with the recommendations of international markets, adapted to the company's corporate needs and reality.

#### 4.1.1.1 An independent and plural Board of Directors

The Board of Directors is responsible for setting and overseeing general guidelines. This includes, among other themes, group policies and strategies, and overseeing the general development of these policies, strategies, and guidelines by the companies that are part of the parent company. It is composed by 13 members, including the Chair and 9 alternates. It is a diverse group that includes different skills, nationalities, and genders

For more detailed information on the composition, operation, and activities of the company's Governance bodies, please go to [1.1.7.1 Governance structure](#).

#### 4.1.1.2 Selecting and appointing the members of the highest governance body

##### GRI 2-10 | SDG 5.5, 16.7

The Management Appointment Policy defines the criteria for the make-up of the Board of Directors, the Advisory Committees, and the Board of Executive Officers. Created in April 2019, it was last updated in February 2021.

Appointments are based on analyzing the needs of these bodies to make sure they are comprised of members who represent the appropriate range of skills, knowledge, experience, origins, nationalities, age, and gender. In this way the company seeks to promote equal opportunities and avoid all forms of discrimination. They are appointed by the Board of Directors according to the provisions of the Shareholders Agreement and the recommendations of the Compensation and Succession Committee.

All candidates must be upstanding, honorable, of unquestioned reputation, competence, experience, qualification, academic background, availability, and commitment to the role, with careers and conduct are in line with the principles in the Company's Code of Ethics and its values. This assessment is made by the Compensation and Succession Committee, with the support of the Compliance Department. This policy includes the possibility of retaining independent advisors to validate that the candidates have the conditions



required for the position. The Compensation and Succession Committee will also propose the appointment of independent members.

Under the Shareholders Agreement, shareholders with the right to appoint candidates inform the Compensation and Succession Committee of these in writing, including a statement that the candidate fulfills all legal requirements according to the Shareholders Agreement and the company's Governance and Sustainability System. Appointed members are ratified once a year at the Ordinary Shareholders Meeting.

### 4.1.1.3 Knowledge of the highest governance body

#### GRI 2-17, 2-18

The company has a training and retraining program that meets the Board of Directors' needs for professionalism, diversification, and qualification.

Board members are trained in matters related to the group and its business, and the environment in which it operates. This is complemented with reports, articles, and other relevant publications made available on the BoD website.

This website also makes it easier for board members to perform their duties and exercise their right to information, as it includes all of the documents considered appropriate for preparing for meetings of the Board of Directors and its Committees, as per the agenda, and the materials presented at the various meetings.

Furthermore, at each BoD meeting the CEO presents material on the economic, legal, or geopolitical matters of interest to the group.

For this, an onboarding program covers items such as the company and group business and organizational models, its ownership, and its corporate governance structure.

According to the Board of Directors Regulations, the board and committees are evaluated each year. For the 2022 assessments Neoenergia retained the support of PwC.

The assessment process reviews a number of measurable and quantifiable indications year over year. Indicators are updated based on recent trends. As a result of this process the company creates and adopts continuous improvement plans to implement specific measures to further improve its corporate governance.

### 4.1.1.4 Identifying and managing economic, environmental, and social impacts

#### GRI 2-12 | SDG 16.7

Advisory Committees support Neoenergia's Board of Directors in its duty to oversee the company's economic, social, and environmental performance. This includes oversight of the risks and opportunities created by group activities, and compliance with the international principles, codes, and standards that apply to the tasks for which they are responsible. The BoD and its committees review group performance in these dimensions from time to time, using information from outside the company as applicable, and with the support of independent consultants working with data provided by the organization, especially its periodic reports.



**GRI 2-16**

The CEO updates the board members on all relevant themes that could have an economic, social, or environmental impact at every meeting. Some may be considered critical concerns for the business. In addition, the Board advisory committees may call on Executive Directors to present and discuss these themes. In 2022 these concerns were the topic of seven meetings, addressing the Brazil, energy, and regulatory scenarios, the market in general, and water shortages.

**GRI 2-13**

The Sustainability Committee oversees the company’s performance in sustainability, corporate reputation, corporate governance, and compliance, making sure its social and environmental policies are aligned with the strategy and policies approved by the Board of Directors and the Sustainability Committee.

It also supports the BoD in approving and amending the company’s purpose and values, the performance assessment of the group in terms of sustainable development, and the review of its Sustainable Development, Corporate Social Responsibility, and Respect for Human Rights policies, as well as its environmental, social, and governance requirements. It also monitors the company’s contributions to the UN Sustainable Development Goals, it’s rank in domestic and international sustainability indicators, its strategy for social actions, and its sponsorship and donations program, among other responsibilities that ensure compliance with and management of its social, environmental, and human rights impact.

**4.1.1.5 Compensation policies**

**GRI 2-19 | SDG 16.7**

The Board of Directors, with the support of the Compensation and Succession Committee, proposes the overall amount of officer compensation to be submitted for approval at the Shareholders Meeting. The BoD is responsible for assigning this amount to its members and to the executive board, within approved limits. Executive officer compensation may take the form of stock or stock options, based on their value.

The Compensation and Succession Committee is responsible for overseeing activities and decisions regarding compensation of executive directors and other Neoenergia officers. This committee, which is advisory in nature, is made up of a chair, four members, and four alternates, one an independent member.

Because of Neoenergia’s commitment to sustainability, the long-term incentives plan proposed by the Board and approved by the shareholders includes targets to increase the number of women in significant positions (SDG 5, gender equity), suppliers considered sustainable (SDG 12, responsible consumption and production), and to strengthen intellectual capital by training employees (SDG 4, quality education and SDG 8, decent work and economic growth).

**ANNUAL TOTAL COMPENSATION RATIO<sup>1</sup>**

**GRI 2-21**

	Percent total annual compensation <sup>2</sup> (%)			Percentage increase in total compensation ratio (%)		
	2022	2021	2020	2022	2021	2020
Director	29.02	28.57	N/A	0.90	N/A	0.29

<sup>1</sup> Ratio of the annual total compensation and percent increase of the organization’s highest-paid individual to the mean annual total compensation for all employees (excluding the highest paid individual).

<sup>2</sup> Total annual compensation includes salary, cash bonuses, and variable compensation. Excludes social benefits and long-term incentives. Note: The person with the highest compensation changed between 2020 and 2021.



## Stakeholders' involvement in remuneration

### GRI 2-20

The Annual Director Compensation Report for FY 2021 was approved by the majority of those at the April 25 2022 Shareholders Meeting, held on April 25, 2022 in the presence of 89.1% of its members.

The Annual Director Compensation Report for FY 2022 will be submitted to the vote of the shareholders at the 2023 meeting.

### 4.1.1.6 Shareholder involvement

Neoenergia encourages its shareholders to participate in General Meetings as it believes this is the best for them to participate in corporate life. Each year the company discloses its Participation Handbook and Management Proposal for participating in Ordinary Shareholder Meetings, which includes all of the information shareholders need for the meeting, their powers of decisions, the deadline for calling and holding meetings, convening procedures, and issuing the Minutes of the Shareholders Meeting.

This Participation Handbook is drafted based on Neoenergia's Governance and Sustainability System, whose pillars are the transparency and equity that inspire the Neoenergia Group purpose and values. The Code of Ethics and General Governance and Sustainability Policy determine that the relationship between the company and its shareholders must be based on accurate and transparent communication of complete information that allows them to monitor Neoenergia's activities and performance.

The company also provides the information and documents required under Law 6,404 of December 15, 1976 (the Brazilian Corporate Law), and CVM Instruction 481 of December 17, 2009 ("ICVM 481") online on its Investor Relations Page ([ri.neoenergia.com](http://ri.neoenergia.com)), on the CVM website ([www.cvm.gov.br](http://www.cvm.gov.br)), on the B3 S.A. - Brasil, Bolsa, Balcão website ([www.b3.com.br](http://www.b3.com.br)), and at the company's headquarters.

Another way to encourage shareholder participation in General Meetings is to have them fill out and deliver an absentee ballot, available on the company's investor relations page ([ri.neoenergia.com](http://ri.neoenergia.com)), on the CVM website ([www.cvm.gov.br](http://www.cvm.gov.br)), and on the B3 S.A. - Brasil, Bolsa, Balcão website ([www.b3.com.br](http://www.b3.com.br)). Completed absentee ballots may also be sent to [ri@neoenergia.com](mailto:ri@neoenergia.com).



## 4.1.2 Ethics and integrity

**GRI 3-3\_ 205, 2-26 | SDG16.5 | PG 10**

Neoenergia is committed to designing its business strategy, carrying out its activities and making decisions in accordance with Brazilian laws, industry best practices, its Code of Ethics and internal rules. As evidence of this mindset, and reaffirming its commitment to process integrity and fighting corruption, the parent company was audited and ISO 37001 re-certified, a process that is repeated every three years. NC Energia, first certified in 2021, underwent annual maintenance and reassessment in 2022; Neoenergia Pernambuco was included in the 2022 certification. The main objective of this standard is to support an organization in the fight against bribery by embedding a culture of honesty, transparency and integrity at the core of its processes.

For the fourth consecutive time Neoenergia was awarded the Pro-Ethics Label by the Federal Controller General (CGU) for the 2020-2021 period. For the next round, Neoenergia Brasilia will be added to the four distributors normally submitted to the process—Neoenergia Coelba, Neoenergia Elektro, Neoenergia Cosern, and Neoenergia Pernambuco, as it is already fully integrated into the group's integrity program.

The company is committed to promoting ethical and legal compliance across the value chain. It takes a no-tolerance approach to all forms of corruption, kickbacks, bribery, money laundering and any other behavior that goes against the law and the principles of good corporate governance. The company asks its suppliers of goods and services to adopt upstanding conduct that complies with the same principles, and uses a tool to monitor the exposure or registered suppliers in the media and social networks. If any negative exposure is detected it is analyzed by compliance, and if there are any issues that require attention, the supplier is blocked in the purchasing system.

Neoenergia is a member of Ethos Institute's Business Movement for Integrity, Transparency and Anti-Corruption, an initiative that seeks to engage business leaders, governments and civil society around the adoption of practices that prioritize transparency and the fight against corruption in the business environment and in public-private relationships. The company is also a member of the Anti-Corruption Platform of the UN Global Compact Network Brazil, where it contributes to discussion on anti-corruption issues in Brazil. It participates in the Alliance for Integrity, created to promote and strengthen ethical and upstanding compliance behavior in the private sector.

### Compliance System

The company's Compliance System comprises a set of substantive, formal procedures, initiatives and preventive measures to ensure that all company activities are performed in accordance with ethical principles and applicable legislation. The Compliance System is coordinated by the Compliance Unit, and its effectiveness is validated by senior management.

Its activities—including planning, design, execution, maintenance and evaluation—are based on the pillars of prevention, detection and remediation, and on the three lines of defense, which contain the elements necessary for strategic integrity management. The Compliance Unit, which reports to the Board of Directors through the Sustainability Committee (and via the Audit Committee for whistleblower reports involving financial fraud), has budgetary autonomy and operates independently. The Audit Committee submits an annual work plan to the Board and monitors the progress of the Compliance Unit's activities on a quarterly basis.

The Compliance Unit is responsible for promoting a culture of integrity within the organization, assessing corruption risks, evaluating suppliers, and investigating and monitoring violations of our rules of conduct, as well as providing clarification about the Code of Ethics and the correct interpretation of its provisions. It is





supported by a Compliance Committee, which has an advisory role and has representatives from key areas of the organization. Consequence management and the application of disciplinary measures are the responsibility of the Human Resources department.

Since 2020, Neoenergia has provided online compliance training as well as subject matter-specific training such as antitrust compliance, ISO 37001, compliance issues involving joint ventures in which Neoenergia has an interest, HR compliance, and leadership interactions with government officials. Training in the Code of Ethics and Integrity Policies is available on the company's learning platform. Ninety-three percent of the employees attend annual refresher training in the Code of Ethics. Further information is available at [4.1.2.5 Anti-corruption communication and training](#)).

### **Sponsorship and donations**

Neoenergia's Sponsorship, Donations and Private Social Investment Manual provides employees with guidance on preventing actual, potential or perceived conflicts of interest or situations that can constitute money laundering, financing of unlawful activities, bribery, or any form of public or private corruption, and to reinforce the standards of ethics and integrity contained in our Code of Ethics.

Under the Manual, all requests for sponsorship and donations are made to the Institutional Committee, supported by information from the requesting department about the reasons for the initiative, using a dedicated form. Reputational and corruption risk due diligence is also conducted on all candidates for sponsored or private social investment projects or other potential recipients of donations, and on the suppliers involved. Due diligence assessments are conducted by the Compliance Unit.

### **Anti-corruption**

Neoenergia's policies on Anti-Corruption & Fraud and Crime Prevention and our manuals on Donations, Sponsorship & Social Investment, on Receiving and Offering Gifts, Hospitality and Advantages, on Dealings with Government Officials and on Conflicts of Interest support our efforts to combat all forms of corruption, fraud, bribery, favoritism, influence peddling, extortion and kickbacks internally or in our interactions with suppliers, partners or government officials. Neoenergia's policies also detail rules and procedures that support SDG 16 (Peace, justice and strong institutions) by enforcing zero tolerance with regard to corruption and fraud of any kind and in any form. The company's Anti-Corruption & Fraud Policy is distributed to all company employees (including executives and Board members), who receive training to prevent misconduct.

Starting at registration, Neoenergia suppliers must agree to comply with the company's Code of Ethics and Anti-Corruption Policy; later, when contracts are formalized, they must include anti-corruption clauses to ensure compliance with these principles.

In addition, all new suppliers registered for centralized and decentralized procurement (consulting, advisory, legal, representation, market intelligence and advertising services) have been entered into the Dow Jones Risk & Compliance tool and are monitored for compliance on a daily basis. Group companies do not make financial contributions or donations to political parties, politicians or people related to them, or to any partisan association or union.

### **Facilitators**

In 2022 a group of Compliance Facilitators was created to disseminate a culture of integrity across the company. These employees, who joined the facilitator group voluntarily and with the consent of their supervisors, are a group that is trained to work as ambassadors of topics related to ethics and integrity in the



companies they work for. Among the criteria for joining the group are at least three years with the company, and completing all the trainings on the theme.

### **Supplier Integrity Program**

The Supplier Integrity Program was created in 2022 to encourage a select group of suppliers to implement integrity programs or optimize existing ones, thus improving sustainability across Neoenergia's supply chain.

## **4.1.2.1 Policies and protocols**

The structure of the group's Compliance System is based on regulations approved by the Board of Directors.

### **a. policies approved by the Board of Directors**

- Code of Ethics
- Overall Governance and Sustainability Policy
- Anti-Corruption and Anti-Fraud policy
- Offense Prevention Policy
- Procedures for the Protection of Personal Data
- Related-party Transactions Policy

## **4.1.2.2 Compliance Risk Assessment**

### **GRI 3-3\_205, 205-1 | SDG 16.5 | PG 10**

The materialization of compliance risks may lead to fines, loss of rights (e.g. operating permits, funding from public banks, tax incentives), incarceration of executives and employees, reputation damages, breach of contractual clauses and other serious penalties with significant adverse impact.

To this end, a key element of the Compliance System is a periodic and continuous procedure to identify, assess, and monitor the risks associated with crime and offense prevention (especially as regards compliance with Law 12,846/13 - Anti-Corruption), segregation of activities and the securities market, diagnosis of Neoenergia's main existing mechanisms, policies, processes, and procedures to prevent, identify, and mediate such risks according to available legal guidelines and best practices.

The methodology to assess compliance risks uses parameters defined by Neoenergia (Offense Prevention Program, Segregation of Activities and the Securities Market) for each identified process, looking at the efficacy of existing internal controls as regards the integrity risks identified and assessed in the various steps.

Therefore, Neoenergia risk assessment includes a) risk classification based on likelihood and impact; b) risks related to the company's main activities, including its affiliates/subsidiaries, and c) the appropriate treatment for each of the risks identified. Consolidation of this data creates a compliance risk map for each entity, with the main mitigation controls in effect and, if applicable, proposing improvement measures to enforce the effectiveness of these controls.



The company has numerous internal controls (mechanisms, policies, processes, and procedures) related to the management of ethics and integrity, and the prevention of violations, fraud, and illicit acts. Such controls are designed and implemented frequently and effectively, reasonably mitigating the risks identified. These include:

- a) Provide integrity documents (Code of Ethics, integrity and anti-corruption policies and procedures) to all employees and executives;
- b) Executive and employee training on the Code of Ethics, Anti-Corruption and Anti-Fraud Policy, The Policy to Prevent Illicit Acts and internal communications to strengthen a culture of integrity and zero-tolerance regarding corruption and illicit acts;
- c) Supplier, donation, and sponsorship processes;
- d) Specific procedures for interacting with government agents;
- e) Anonymous and independent whistle-blowing channel, managed by a specialized company;
- f) Investigation procedures, etc.

The Compliance Area is responsible for managing these risks, reviewing them from time to time with the areas in charge of the mapped processes and the risk map, keeping it up to date and consistent with the organization's situation.

In short, compliance risk assessment is critical to fight crimes and offenses as it ensures a robust and comprehensive compliance system suited to the characteristics, size, complexity, and areas of activity of group companies.

### 4.1.2.3 Monitoring whistle-blowing reports

**GRI 2-26 | SDG 16.3 | PG 10**

Detection and/or monitoring mechanisms that enable checking the effectiveness of the group's control and prevention activities are key elements of the Compliance System. These include the company's ethics channels, which can be used to ask questions or report conduct that could imply in some irregularity or action that is counter to the laws and regulations.

Neoenergia has an independent Whistleblowing Channel operated by a specialized firm, with all reports kept anonymous and confidential. Reports can be submitted 24/7 by email, via a toll-free number, or online. The channel is available to all Neoenergia employees, contractors, and society in general.

The Compliance Area is responsible for managing complaints and investigations. Each time a complaint is made, a case number and password are issued so the complainant may monitor the process online, by phone, or via the Ethics Channel. The Compliance team provides information about the status of report investigations and post-investigation feedback to whistleblowers via the Ethics Hotline.

There is also an in-house channel employees can use to answer questions about ethical issues. This channel will soon have its own web page with FAQs, giving people more independence for getting their questions answered, and using the hotline only for situations where questions cannot be answered automatically.

## 4.1.2.4 Response and remediation plans

GRI 205-3 | SDG 16.5 | PG 10

In 2022, the channel received 1,439 reports, of which 353 were considered out of scope (issues unrelated to ethics and integrity) and 1,086 were accepted for investigation. Of these, 189 were considered unsubstantiated, 404 had insufficient information for investigation, 66 were substantiated or partly substantiated, 77 were substantiated and 350 were still being investigated at the end of the year. In the case of substantiated or partly substantiated reports, the company took the appropriate remedial actions, either applying appropriate disciplinary measures (verbal or written warnings, suspensions and even termination in cases considered serious) or improving processes to avoid future incidents.

Of the reports received in the year, 153 were related to bribery and kickbacks in private dealings; 70 of them were closed due to insufficient data, 11 were deemed unsubstantiated, 1 was deemed substantiated, 3 were deemed partly substantiated, and 68 were under investigation at the end of the year. The substantiated case was found to be individual corruption by an employee who was fired as soon as confirmation was obtained.

### WHISTLEBLOWING CHANNEL



No employee or supplier was accused of public corruption in 2022, thus there were no firings or contract terminations for this reason. There were also no legal claims for corruption.

The remaining reports were related to harassment, inappropriate conduct by suppliers or contractors, conflict of interest, misuse of funds, theft or fraud, extortion, and other matters. There has been no proven case of public corruption since the ethics channel was instituted.

The time taken to investigate reports has been cut back year by year. In 2022 it dropped to 816 hours, or 34 business days, compared to 36 days in 2021. This is the result of using tools that enable filtering cases by type of report, company, and risk, accelerating the process.

#### a. Information on corruption cases in the period

Since implementation in 2015, the whistleblowing channel has not received any report relating to corruption involving government officials or money laundering. Operations that deal with government officials—including the parent company and distribution, generation, transmission and wholesale trading subsidiaries, as well as the



Environment, Legal, People Management, External Communications, Procurement and Governance departments—follow Neoenergia's Standard on Dealings with Government Officials and undergo corruption risk assessments.

**b. Previous year procedures impacting the period**

There are no procedures carried over from previous years that impacted FY 2022.

**4.1.2.5 Communication and training in anti-corruption regulations**

Training and communication are two key pillars for employee awareness of the Neoenergia Compliance System and Code of Ethics.

In this regard, the Compliance Area plans annual training and communication activities, working with Human Resources and Internal Communications.

Corporate policies, including the Anti-Corruption and Anti-Fraud policies, the Illicit Act Prevention Policy, and the Code of Ethics are available on the company's website. Each year employees accept the document following online training. In 2022 Neoenergia innovated its refresher training process with a 10-question quiz on the Code that employees answer.

**GRI 2-15**

At the same time, leaders must complete a statement on possible conflicts of interest. The company has a Conflict of Interest Manual with guidelines on this topic as they apply to employees, members of the BOD, executives, contractors, interns, and apprentices.

Another innovation involved training for distributor operators, for whom previously there were limitations. Twelve feasible dates and times for online training were scheduled, and employees are free to sign up for the one that best suits them. Training is also more creative, with a character that explains how to solve the ethics and compliance problems that may arise in day-to-day life.

Protocols and other procedures approved by compliance are available on the employee website and are disclosed by e-mail to all areas where these procedures apply.

**COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES**

**GRI 205-2 | SDG 16.5 | PG 10**

	2022		2021		2020	
	Number of employees informed	% of total	Number of employees informed	% of total	Number of employees informed	% of total
Direct leadership	1,035	94.0	NA	NA	NA	NA
Middle-management and qualified technicians	9,719	96.0	NA	NA	NA	NA
Support staff and teams	3,551	95.0	NA	NA	NA	NA
<b>Total</b>	<b>14,305</b>	<b>92.9</b>	<b>14,997</b>	<b>99.6</b>	<b>12,679</b>	<b>98.9</b>

<sup>1</sup> Direct leadership: directors, department heads and managers; Intermediate controls and qualified technicians: managers, leaders, specialists and analysts; Professionals and support staff: administrative, technical and operational personnel.



## SUPPLIERS TRAINED IN ANTI-CORRUPTION POLICIES AND PROCEDURES, AND IN ETHICS AND INTEGRITY (%) **GRI 205-2 | SDG 16.5**

2022 - % of total

Suppliers trained in the Code of Ethics	57
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## EMPLOYEES TRAINED IN ANTI-CORRUPTION POLICIES AND PROCEDURES, AND IN ETHICS AND INTEGRITY (No.) **GRI 205-2 | SDG 16.5**

	2022	2021	2020
Employees trained - Total	9,869	14,155	12,131
Employees trained - Direct leadership	407	379	338
Employees trained - Middle-management and qualified technicians	2,025	3,062	2,796
Employees trained - Professionals and support teams	7,437	10,714	8,997

In 2022 the company also continued to communicate its anti-corruption policies and procedures to members of governance, reaching all governance members and 86 members of the BoD. The Neoenergia Code of Ethics and its Supplier Ethics Code are sent to all suppliers registered on its procurement platform, 57% of whom have been trained in anti-corruption procedures policies and procedures.

### 4.1.2.6 Public policies

**GRI 3-3\_415 | SDG 16.5 | PG10**

#### a. Relationships with the regulators and social entities

Neoenergia relates to regulators in two ways:

- The first type of relationship seeks to contribute to efficient regulations, leading to a competitive market and sufficient compensation for regulated businesses. For this, it maintains a constant and constructive dialog to exchange information, knowledge, and positions. Thus, Neoenergia is attuned to the concerns and proposals of the regulators, and submits positions in legitimate defense of the company's interests, and those of its shareholders and customers. The company is also an active participant of public hearings by the regulators, as they seek to capture the opinion of the players prior to reviewing regulations or defining national energy policies. It is also involved in official regulation processing procedures, and monitors their enforcement.
- It provides all of the data demanded by the regulators for its normal activities, as well as data they ask for from time to time.

**GRI 2-28**

#### Membership of associations

In addition to working directly with the regulators, Neoenergia group companies are involved in the regulatory process via a range of domestic and international industry associations to which they belong. The most important of these are:

- Brazilian Electric Utility Association (ABRADEE)
- Brazilian Infrastructure and Heavy Industry Association (ABDIB)



- Brazilian Wholesale Electricity Association (ABRACEEL)
- Bahia State Industry Federation (FIEB)
- Brazilian Association of Power Sector Accountants (ABRACONE)
- Brazilian Association of Large Electric Power Generation Companies (ABRAGE)
- Brazilian Association for Photovoltaic Solar Power (ABSOLAR)
- The American Chamber of Commerce (Amcham)
- Brazilian Association of Thermal Power Generation Companies (ABRAGET)
- Brazilian Wind Power Association (ABEEÓLICA)
- Brazilian Association of Large Electric Power Transmission Companies (ABRATE)
- Brazilian Association for Business Communications (ABERJE)
- Brazilian Association of Independent Power Producers (APINE)
- The Abradee Energy Institute
- Brazilian Center for International Relations (CEBRI)
- Brazilian Association of Listed Companies (ABRASCA)
- UTC Latin America (UTCAL)
- Cogeneration Industry Association (COGEN)
- Instituto Acende Brasil

#### CONTRIBUTIONS TO ASSOCIATIONS (R\$)

	2022	2021	2020
	8,560,846	8,554,431	8,651,555

Note: Data for 2020 and 2021 have been restated. [GRI 2-4](#)

#### [GR 3-3\\_415, 415-1](#) | [SDG 16.5](#)

##### **b. Lobbying activities and support for political parties and related institutions**

Neoenergia's ethical principles expressly prohibit lobbying of any sort, including through third parties, and to directly or indirectly fund or make donations, even if in the form of loans or advances, to politicians, political candidates, and people who are politically exposed, their friends and relatives, including political parties, party alliances, or unions.

Neoenergia employees may not receive any direct or indirect offer or promise of any type of advantage, any mechanism to hide it, or practice influence trafficking through government employees, political parties, authorities, other company employees, customers, suppliers, or shareholders in Brazil or abroad.

Neoenergia does not support political parties or candidates, as per its Code of Ethics, which further instructs employees who wish to participate in electoral political processes to make sure that the company image is never associated with this process.

The Code of Ethics also recommends that suppliers adopt the same policy of not funding or supporting political parties or candidates. Funds provided by Neoenergia to its suppliers in exchange for goods or services may not





be used for donations or sponsorships for political parties and/or candidates. The Code of Ethics is available to the public on the Neoenergia website, and can be viewed [here](#).

### CONTRIBUTIONS TO POLITICAL PARTIES (R\$ THOUSAND)

	2022	2021	2020
	0	0	0

### c. External initiatives to which the organization subscribes or which it endorses

#### GRI 2-23

The company has subscribed to or endorsed external initiatives aligned with sustainable development.

**Sustainable Development Goals (SDG)** – Neoenergia is fully aligned with the UN Sustainable Development Goals (SDG), and has incorporated them into its business strategy and Sustainable Development Policy, prioritizing SDG 7 (Renewable and Affordable Energy) and SDG 13 (Climate Action), and directly contributes to SDG 6 (Clean Water and Sanitation), SG 9 (Industry, innovation and infrastructure), SDG 15 (Life on Land), and SDG 17 (Partnerships for the Goals).

**Global Compact** – Neoenergia signed the 10 principles of the UN Global Compact in 2007, and is a member of the Global Compact Brazil Network Anti-corruption Platform, and participates in the Climate and Water Working Groups. Solange Ribeiro, the VP for Regulation, Institutional Relations, and Sustainability is the deputy-chair of the Global Compact Board.

**CEBDS - The Brazilian Business Council for Sustainable Development** – Neoenergia signed the Business for the Climate position document, and subscribed to the Brazilian Business Commitment for Biodiversity, both CEBDS initiatives. It is involved in the Climate and Biodiversity Technical Committees and the group VP is a member of the CEBDS Board of Directors.

**Energy Compact** – The group participates in this United Nations collective initiative where members voluntarily commit to specific targets and schedules to drive and accelerate compliance with SDG 7, thus moving faster towards clean and affordable energy for all based on universal access to clean energy at affordable prices for the population. *UN-Energy* the goal here is to support with technical knowledge and facilitate partnerships through an Energy Compact Action Network.

Neoenergia is a member of Ethos Institute's Business Movement for Integrity, Transparency and Anti-Corruption, an initiative that seeks to engage business leaders, governments, and civil society around the adoption of practices that prioritize transparency and the fight against corruption in the business environment and in public-private relationships.

**Comunitas** – The company is a member of this civil society organization that fosters and strengthens a collective compact across sectors for the Nation's sustainable development.

Solange Ribeiro, Neoenergia's VP for Regulation, Institutional Relations, and Sustainability participates in the meetings of the Sustainable Energy Project, the Acende Brazil Institute, and occasional meetings of the Cebri (Brazilian Center for International Relations), and the E+ Institute.



## 4.1.3 Competition

### GRI 3-3\_206

As provided in the Code of Ethics, the group undertakes to compete fairly in the market and not to engage in advertising that is misleading or denigrates its competitors or third parties.

The company also undertakes to obtain information from third parties in accordance with regulations, to promote free competition for the benefit of consumers and users, and to encourage transparency and free market practices, as set out in the group's General Sustainable Development Policy.

Each company ensures strict compliance with legal provisions on segregation of activities and, in many jurisdictions, applicable internal regulations that go beyond what is required by law, significantly reinforcing measures to prevent any unfair competitive practices stemming from the lack of separation between liberalized and regulated businesses.

The liberalized companies also have specific controls to avoid any type of unfair competition practices, especially in areas such as advertising campaigns for individual consumers, or price fixing.

### 4.1.3.1 Cases pending

#### GRI 206-1 | SDG 16.3

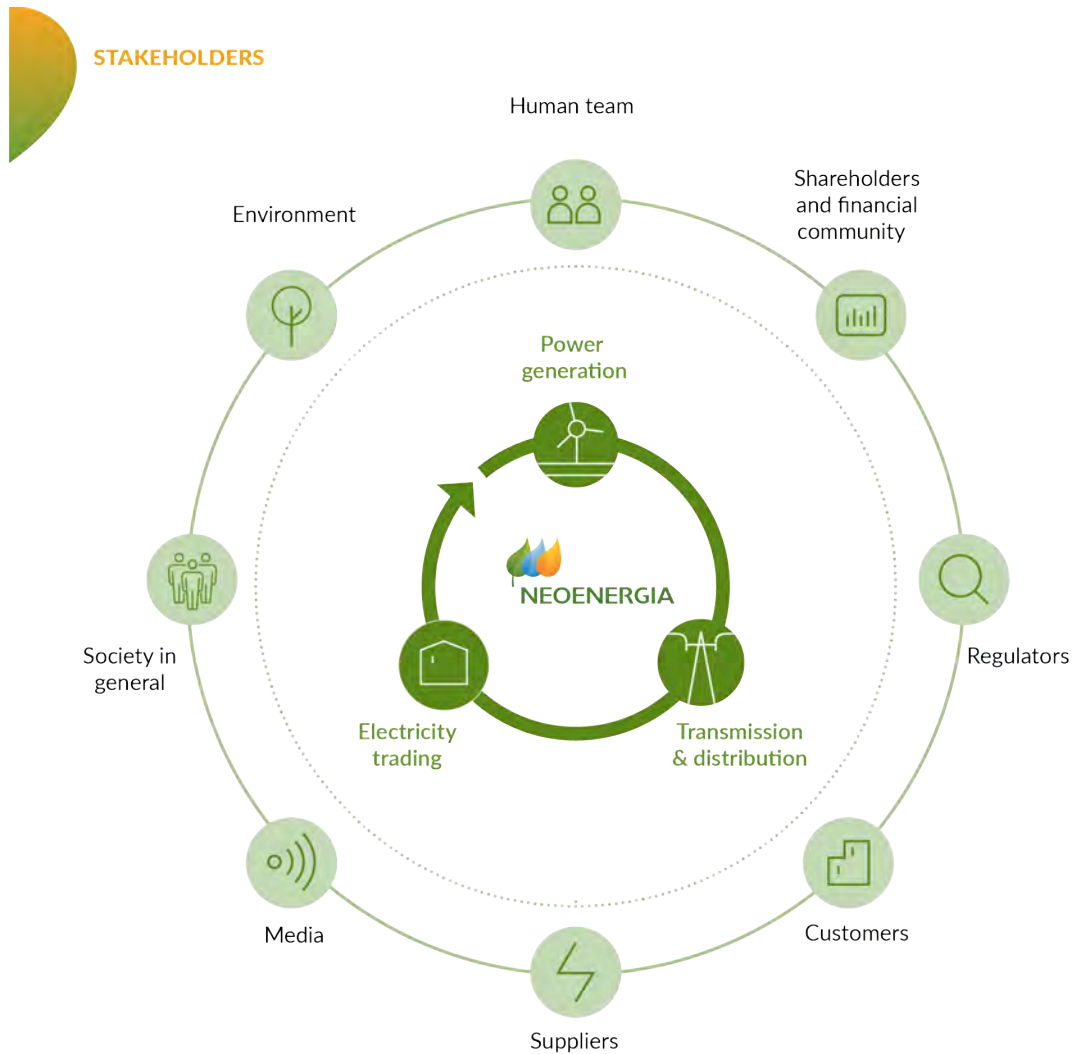
No case involving unfair competition or monopoly practices were filed in the period. Furthermore, no such cases were filed in previous years.

### 4.1.4 Stakeholder engagement

#### GRI 2-29

Strong engagement of stakeholders is an imperative for achieving Neoenergia’s social purpose and developing a responsible and sustainable business model. This imperative is expressed in the company’s Stakeholder Engagement Policy, initially approved by the Board of Directors on July 19, 2018, and last amended at the BoD meeting of February 17, 2022. An internal assessment informed the selection and identification of groups and entities whose decisions and opinions have an influence on Neoenergia and who, at the same time, are affected by its activities.

Neoenergia has a vast value chain and therefore a large number of stakeholder groups, for which reason it has decided to group them into eight different stakeholder categories:



Neoenergia's Stakeholder Engagement Policy establishes an overall framework for engagement with stakeholders across its activities and operations, in order to:

- Continue encouraging stakeholder engagement through a strategy of close involvement in the communities where Neoenergia operates and the creation of shared sustainable value for all stakeholders;
- Continue responding to the legitimate interests of the stakeholders with which the company interacts;



- Continue building trust among stakeholders in order to build long-lasting, stable and robust relationships;
- Encourage the recognition by all stakeholders of the company's commitment to diversity in the broad sense, particularly regarding the professional development of members; and
- Contribute through all of the above to maintaining the company's corporate reputation in the various locations and businesses in which it operates.

The initial identification and selection of Neoenergia stakeholders was based on internal reflection by the management team, and is updated as necessary.

Neoenergia also has and promotes solid principles for engaging and developing trust-based relationships with its stakeholders. These principles are shared by all group professionals and govern their day-to-day relationships with stakeholders:

**Responsibility** – Act responsibly and develop relationships based on ethics, integrity, sustainable development, and respect for human rights and the communities impacted by the group's various activities.

**Transparency** – Ensure transparent relationships and financial and non-financial disclosures, sharing information that is accurate, relevant, complete, clear, and useful;

**Active listening** – Practice active listening, promoting two-directional and effective communication and direct, fluid, constructive, diversified, inclusive, and cross-cultural dialog.

**Consensus** – Work on behalf of consensus with stakeholders, in particular local communities and indigenous people, bearing in mind their points of view and expectations;

**Participation and involvement** – Favor stakeholder participation and involvement in all Neoenergia activities, promoting voluntary hearings and query procedures or similar interaction channels, and complying with applicable legislation, especially regarding planning, construction, operation, and decommissioning of the group's energy projects.

**Collaboration** – Encourage collaboration with stakeholders to support compliance with Neoenergia's corporate purpose and values, and with the Sustainable Development Goals;

**Continuous improvement** – Strive for continuous improvement, periodically reviewing the mechanisms of interaction with stakeholders to make sure that, at any moment in time, they are the most efficient way of fulfilling the company's needs.

#### 4.1.4.1 Prioritization for stakeholder engagement

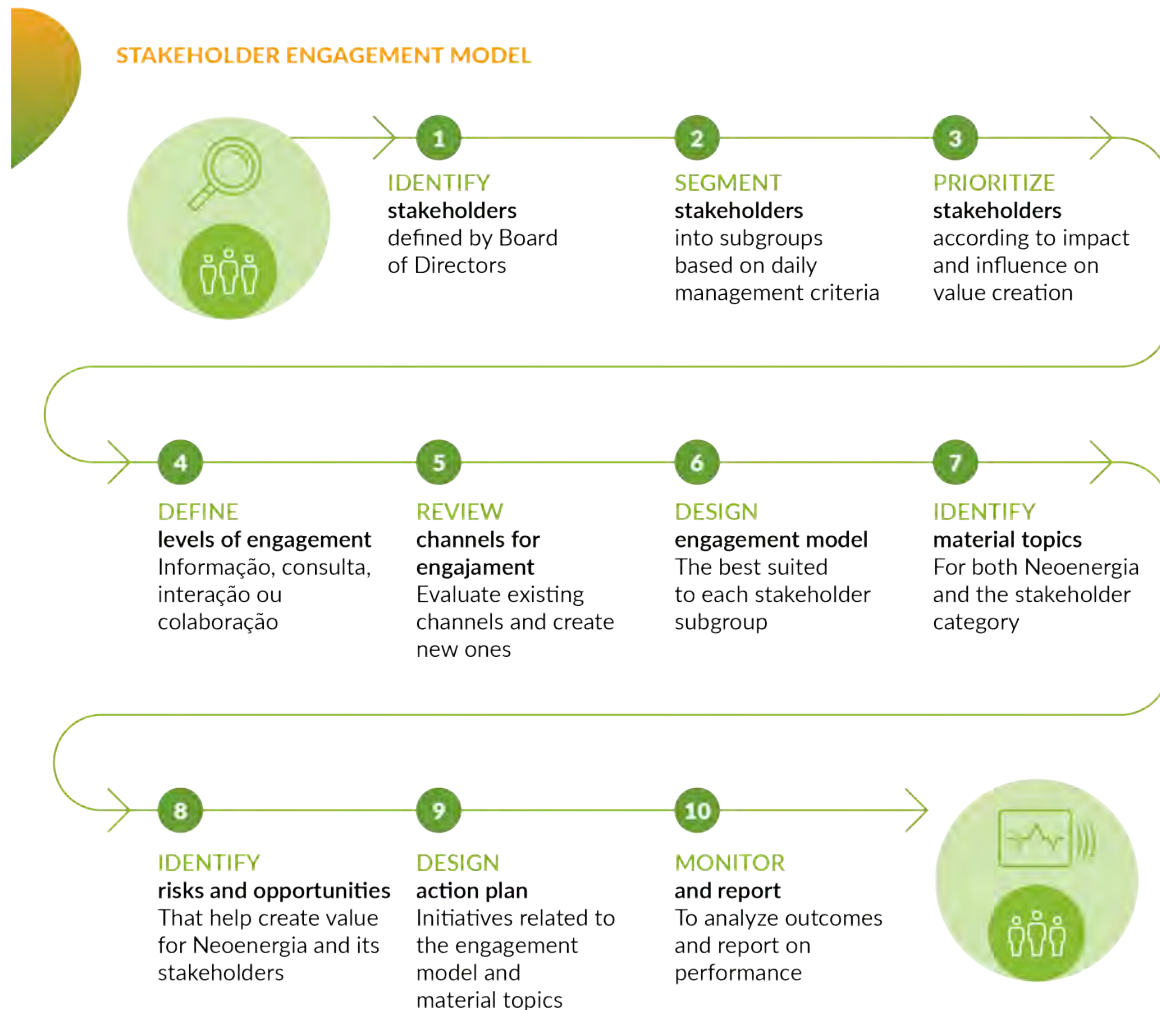
##### GRI 2-29

Neoenergia has a responsible and sustainable business model that places its stakeholders at the center of its strategy. For this reason the company aims to build trust-based relationships with its various stakeholders, and further their participation, involvement, and collaboration. The group statute, purpose and values, and the various corporate policies, express its focus on creating sustainable value for the stakeholders related to its business activities and the reality of Neoenergia, as per the commitments in its Code of Ethics.

Neoenergia vigorously promotes compliance with its Stakeholder Relationship Policy through a Global Stakeholder Engagement Framework based on the AA1000 Stakeholder Engagement Standard 2015

(AA1000SES 2015), the AA1000 Accountability Principles 2018 (AA1000AP 2018) standard, and its four principles of inclusiveness, materiality, responsiveness, and impact.

Among other objectives, this framework seeks to systematize stakeholder relations throughout the group and across all Iberdrola countries and businesses, creating a corporate culture with respect to the significance of dialog with stakeholders for more sustainable performance by the company. The model constitutes a process of continuous improvement in and of itself, based on ten stages:



This process is implemented using a shared digital app for the management of Neoenergia's stakeholder groups in the various geographies of its Corporate, Renewables, Networks, and Liberalized businesses.

Using this tool, the various business areas are able to identify groups of sub-stakeholders that are relevant and should be addressed in a specific way, and to define relevant themes, channels (phone, e-mail, assemblies, meetings, events, social networks and others), and the degree of engagement: listening, information, interaction, or collaboration.

#### 4.1.4.2 Relationship channels, significant topics, and best practices

##### GRI 2-29

The company keeps the relationship channels with its stakeholders updated and makes continuous efforts to identify the issues that are most important to each of them, working to create shared value. The Stakeholder



Engagement Framework was implemented between January 1 2021 and March 1, 2022. The most relevant themes include: Occupational health and safety; talent development and retention, diversity and equality; customer experience and satisfaction, energy transition; sustainable supply chains; quality of supply; climate change and decarbonization; socially responsible investment; relationships between the company and the community/venture, and sociocultural heritage of local communities.

Best practices are identified and shared through a global working group that includes those responsible for all Iberdrola stakeholders and businesses at the corporate and country level. This working group sponsors an annual meeting to share best practices, the Iberdrola Stakeholders' Hub, coordinated by the Global Department for Stakeholders, Human Rights, and Reputation. In 2022, this online event gathered more than 120 people from the five most important countries for the group—Brazil, the US, UK, Mexico, and Spain to discuss stakeholder engagement and sharing experiences and best practices. Brazil took the opportunity to share best practices, including one from its Network Business, the Safe Community Program. See more in section [3.2.2.5. Customer and population health and safety](#)). The other came from Renewables—the Stakeholder Engagement Program in Caetité (BA) – See more in the section [Impact assessment](#).

The take-home from these actions was that active listening is the most important step of any engagement initiative.

**NEOENERGIA STAKEHOLDERS GRI 2-29**

Stakeholder	Main representatives or spokespersons	Dialog channels
Human team	Employees   Contractors   Unions	Joint employee subcommittees and committees   Opinion and climate surveys   Ethics and suggestion channels   Employee intranet portal   Corporate webpages
Regulators	ANEEL, government (federal, state and municipal)	Periodic meetings and consultations, both through direct contact and sector organizations   Corporate webpages
Customers	Consumer Councils, consumer protection service (PROCON), Ombudsman	In-person (stores and correspondents) and virtual direct service channels (telephone, social media, app, website, WhatsApp and SMS)   Systems to improve customer service and complaint workflows   Customer satisfaction surveys   Corporate webpages
Suppliers	Suppliers of materials and services	Supplier portal on the corporate website   Supplier Service Center   Supplier satisfaction surveys   Supplier onboarding and screening processes   Supplier conferences   Dedicated communications on corporate websites
Media	Newspapers, TV stations, radio stations, social media	Press announcements   Press releases   Individual meetings and press conferences   Visits to the Group's facilities   Virtual press room   Active presence on social media   Corporate website   WhatsApp
Society in general	Trade and community associations, institutes, NGOs, consumer boards, consumer protection service (PROCON)	Social media and traditional communication channels   Active membership of business and industry organizations   Collaboration with academic, educational and innovation-related institutions   Collaborative projects with social and cultural institutions and organizations   Direct relationship with social groups surrounding the company's facilities   Public consultations   Participation in forums, seminars and other events   Corporate website
Environment	Institutes, environmental agencies, NGOs	A dedicated portal on corporate websites   Environmental posts on social media   Collaboration with multilateral institutions, such as the UN, and other agents through cooperation contracts and alliances   Participation in global environmental initiatives   Questionnaires to assess the environmental impact of suppliers   Public consultations during the development of new facilities



## 4.1.5 Tax responsibility

GRI 3-3\_207, 207-1, 207-2, 207-3

Neoenergia has a Corporate Tax Policy that applies to all companies and reflects the group's tax strategy. It is based on ensuring compliance with applicable tax regulations, excellence, and commitment to enforcement of tax best practices applied to the group's corporate structure and governance.

Neoenergia's Corporate Tax Policy is an integral part of Neoenergia's governance and compliance policies, a set of standards and principles that govern the company's organization, operation and relationships. First approved by the Board of Directors in 2018, the policy is continuously updated and was last amended on December 13, 2022. This is a public document, available on the group's corporate website.

The Neoenergia S.A. Board of Directors is responsible for designing, assessing, and periodically reviewing corporate policies, including the Corporate Tax Policy. It is also responsible for formulating a tax strategy and approving investments that, due to their magnitude or features, are of particular fiscal relevance.

Aware of the importance that tax information has for all stakeholders, and its commitment to transparency and best practices, since 2021 Neoenergia has voluntarily issued a Fiscal Transparency Report.

This report includes relevant tax information and an analysis of the group's tax contributions worldwide, and complements the information in this report. This report is also publicly available on the group's corporate website.

### 4.1.5.1 Responsible tax behavior

The Corporate Tax policy defines the basic principles of action, which are:

- Compliance with tax regulations by paying the taxes that are due. Tax decisions made based on a reasonable interpretation of the applicable rules, and strictly connected to the group's activities.
- Prevention and reduction of significant tax risks, ensuring that taxes bear an appropriate relationship to the structure and location of activities, human and material resources, and the group's business risks.
- The strengthening of the relationship with tax authorities based on respect for the law, fidelity, reliability, professionalism, cooperation, reciprocity, and good faith.
- Envisaging the taxes that the group's companies pay in the countries and territories in which they operate as the principal contribution to sustaining public expenditures, and therefore as one of their contributions to society.

In applying these principles, the Group undertakes the following good tax practices, among others:

- Refrain from using artificial structures unrelated to the Group's business for the sole purpose of reducing its tax burden, especially not entering into transactions with related entities solely to erode the tax basis or to transfer profits to low-tax territories.
- Avoid opaque structures for tax purposes, which are understood as structures calculated to prevent knowledge by the competent tax authorities of the party ultimately responsible for the activities or of the ultimate owner of the assets or rights involved.





- Not to create or acquire companies domiciled in tax havens, with the sole exception of those cases in which it is obliged to do so in the case of an indirect acquisition in which the company domiciled in a tax haven is part of a group of companies being acquired.
- Make the necessary whistleblower channels available to anyone who wishes to report any conduct that may involve any wrongdoing or conduct contrary to the law or to the Governance and Sustainability System, including the rules of conduct set forth in the Code of Ethics and consequently tax-related activities.
- The fiscally responsible behavior of all group companies is part of the General Sustainable Development Policy, which includes basic principles of conduct that must be respected. The Corporate Tax Policy is guided by the group's purpose and values and the Code of Ethics, and is based on a commitment to ethical principles, good corporate governance, and transparency.

#### 4.1.5.2 Tax governance and risk management

##### Accountability

The Board of Directors and the Board of Executive Officers foster compliance with the group's tax best practices according to the Corporate Tax Policy. At the individual company level, the Boards of Directors and Executive Officers are responsible for ensuring compliance with the Corporate Tax Policy.

##### Control and Monitoring

Three company levels control and monitor compliance with the tax standards, principles, and best practices in the Corporate Tax Policy: 1) The Tax Superintendence, aligned with the Compliance Superintendence; 2) the Audit Committee; and 3) the Board of Directors, which ensures the policies and criteria were suitably applied during the year, and in particular group compliance with the Corporate Tax Policy. The Tax Superintendence reports on the degree of compliance with the policy to the Audit Committee each year.

##### Risk management and compliance

The Neoenergia group makes every effort to prevent and avoid significant tax risks, and has objective criteria to rank transactions based on their fiscal risk. In line with this commitment, the group has no affiliates or investees domiciled in tax havens, and is in line with the OECD Base Erosion Profit Shifting (BEPS), which Iberdrola has signed.

#### 4.1.5.3 Stakeholder relationships regarding taxes

In compliance with its commitment to transparent relationships and communications with stakeholders, the company discloses the relevant information on the group's tax activities, and its tax contributions to support public spending in the main locations where it is present, ensuring this information is clear, useful, and accurate.

In addition, according to the basic principles of the Corporate Tax Policy, the group strives for good relationships with tax authorities based on respect for the law, loyalty, trust, professionalism, collaboration, reciprocity, and good faith, irrespective of any legitimate controversies that, within the principles above and in defense of social interests, might arise with such authorities regarding the interpretation of applicable tax laws and standards.

Tax-related concerns can be reported to Neoenergia's [Whistleblowing Channel](#), an external, confidential and anonymous service that addresses issues related to compliance with laws, Neoenergia's Code of Ethics and



integrity standards, and illegal accounting and tax activities. Reports can also be submitted 24x7 by email (neoenergia@canaldedenuncia.com.br) or via a toll-free number (0800 591 0857).

The following tables show the taxes paid:

### TAX CONTRIBUTION (R\$ MILLION)

GRI 207-4 | SDG 1.1, 1.3, 10.4, 17.1, 17.3

	2022	2021	2020
Company taxes paid	536	752	844

	2022	2021	2020
Contributions on third-party payments	11,359	11,989	10,508
Own contributions	979	1,140	1,191
<b>Total</b>	<b>12,337</b>	<b>13,129</b>	<b>11,699</b>

The effective tax rate is below the nominal rate primarily due to the (optional) use of the presumed-income tax system by some companies, the payment of interest on equity, and the existence of Sudene tax incentives.



## 4.1.6 Cybersecurity and information privacy

Growing reliance on physical and digital technology can expose energy companies to a range of risks that could disrupt operations, harm assets, or put people's safety at risk.

As a leader in innovation and smart grids, Iberdrola attaches strategic importance to cyber-resilience, and in 2015, the Board of Directors approved a Cybersecurity Risk Policy. Since then it has pledged to develop the necessary measures to promote a robust cybersecurity culture, encouraging the secure use of cyber-assets, and strengthening its ability to detect, prevent, defend against, and respond to cyberattacks or cybersecurity threats across the group.

Its scope of application includes not only information and communication technologies, but extends to the protection of industrial control systems and smart grids, whether operated by its own personnel or with the support of third-party operations and services.

The global policy builds on a the guidelines of a cybersecurity regulatory body led by the Global Cybersecurity Framework, which in turn is further developed by the Global Incident Response Framework and the Global Assurance Framework and other cybersecurity regulations focused on the different aspects of cybersecurity threats.

The Iberdrola global cybersecurity risk management structure focuses on incorporating cybersecurity into all of the group's strategic and operational decisions, taking it into account beginning with the design of new projects and processes, and is supported by the pillars of governance, cybersecurity culture, resilience, assurance, and collaboration. This policy is adapted to the regulations of each company where the group is present.

In the most recent reporting period, Neoenergia adjusted its digital security governance system to more rapidly identify possible vulnerabilities and ensure more accurate and assertive responses.

To increase the protection of systems, programs, networks, and equipment, a backup and recovery solution was created for the distributors in Bahia, do Rio Grande do Norte, São Paulo, and Pernambuco. This new robust and scalable tool will enable data protection, and quickly recording, storing and recovering data of the Operations Technology (OT - Operations, Applications, Databases, etc.) environments in the event of a possible disaster and/or data loss. The storage capacity of this solution fulfills the requirements of the electricity regulators, and can store the entire OT environment for a period of five years.

A key advantage of this tool is the time to recover the full environment, from one week to 20 hours at most.

### GRI 3-3\_418

Each day Neoenergia handles huge amounts of personal data, and for this reason it has a [Personal Data Protection Policy](#), approved by the Board of Directors and compliant with the BR GDPR (Brazilian General Data Protection Regulation). Its purpose is to ensure the right to data protection for all those who interact with group companies, ensuring respect for the right to dignity and privacy in processing their personal data, and particularly establishing the common principles and guidelines to govern the group regarding the protection of data, ensuring compliance with applicable laws on this topic in all countries in which the group is present.

The company opted to address privacy holistically, integrating privacy and data protection into the company's management system and culture. Responsibility for the protection of personal data lies with the businesses and corporate functions, organizations that process this data under the coordination and supervision of the Data Protection Officer (DPO), with the support of Legal Services.



In 2022 Neoenergia Brasilia completed its adjustments to the BR GDPR and complies with Brazilian law, joining the remaining group companies that had already completed this transition.

The following tables list substantiated complaints on violation of customer data privacy and data breaches:

#### PRIVACY INCIDENTS (No.)

GRI 418-1 | SDG 16.3, 16.3

	2022	2021	2020
By official bodies	0	1	0
From other origins, diverse	0	1	0
<b>Total substantiated complaints</b>			
Data leaks, theft, or loss	0	0	0

#### CYBERSECURITY INCIDENTS (No.)

SASB IF-EU-550a.1

	2022
Total number of customers impacted by company data breaches	0
Total number of cybersecurity breaches <sup>1</sup>	1
Total number of information security breaches involving customer personal data	0
Total number of fines/sanctions paid for information security breaches	0

<sup>1</sup>No immediate damage resulted from data exposure, and the data is of low damage potential for the owners.

## 4.1.7 Socioeconomic compliance

The following table lists the significant fines and penalties applied over the past three years.

#### SOCIOECONOMIC NON-COMPLIANCE

GRI 2-27 | SDG 16.3

	2022	2021	2020
Monetary value of amounts paid for fines received in previous periods (R\$)	0	0	0
Monetary value of amounts paid for fines received in the period (R\$)	0	0	0
Non-financial sanctions (no.)	1	3	0

Violations of environmental rules are listed in the chapter on the environment.



## 4.2 Promotion of socially responsible practices along the supply chain

### 4.2.1 Description of the supply chain

#### GRI 2-6

The Neoenergia supply chain is comprised of two different processes:

- Procurement of material and equipment, and contracting works and services, under the umbrella of the Procurement Department.
- The procurement of fuels, under the umbrella of the Generation and Customers Business.

Both are guided by the same principles, which originate in corporate policies and the Code of Ethics. However the individual phases of each of these are unique: supplier registration and classification, bidding, contract execution, monitoring contractual terms, and quality control.

#### 4.2.1.1 Procurement of materials and equipment and contracting works and services

The mission of the Procurement and Insurance Department is to establish the strategy and procedures, and oversee the procurement of materials and equipment (other than fuel), as well as works and services contracts and insurance programs (other than life and casualty, health and pension insurance) for the entire Neoenergia group, meeting the strategic goals established by the Board of Directors and respecting the company's Governance and Sustainability System.

The procurement process is audited internally and independently from time to time. No non-compliances were flagged in the period. Recommendations and opportunities for improvement that arise during these reviews are analyzed and put into place in order to continuously improve the processes.

Since the pandemic, Neoenergia has adopted Agile Purchasing, speeding up purchases valued at up to R\$ 1 million, waiving some of the steps without losing any of the guarantees. This process improved in 2022, enabling the company to extend agile purchases to R\$ 2 million, for 73% of all procurement transactions and just 3% of supplier spend.

Although the limit for this simpler purchasing process doubled, the number of purchases did not increase in the same proportion, so control and efficacy were maintained.

#### PROCUREMENT OF MATERIALS, EQUIPMENT, WORKS, AND SERVICES

	2022	2021	2020
Invoiced amount in equipment, materials, works, and services (R\$ million)	11,648	8,930	7,567
Number of suppliers with orders placed in the year	5,347	5,726	5,778



## Service Providers (SPs)

Neoenergia had 5,347 registered suppliers at year-end 2022, providing technical and commercial services (such as new connections, disconnections, maintenance, right-of-way clearing, and network expansion); non-technical services (such as information technology, building maintenance, vehicle fleets, medical assistance, communication, and legal services); and materials and equipment (manufacturers, distributors).

Of the 985 essential suppliers engaged, 101 are classified as core and strategic suppliers, as they represent 79.4% of total procurement spend and have contracts exceeding R\$ 30 million. The 494 suppliers with contracts exceeding R\$ 4 million are monitored in a more systematic way for ESG risks, and must complete a questionnaire on this theme. Around 20% were given improvement programs to complete in 12 months.

Distribution concentrates most of Neoenergia's contracts, with 34 key contractors and 15 auxiliary service providers.

### 4.2.1.2 Spending on local suppliers

#### GRI 3-3\_204

Neoenergia follows a local supplier strategy for its strategic contracting, which has enabled creating indirect jobs and helped drive the development of industries and services in the geographies in which it does business. As a general rule, Neoenergia prioritizes local suppliers for general services and materials, both because they offer more competitive prices and because of the company's commitment to developing its communities. Products such as insulators and small transformers are sourced from local partners; level A materials (such as voltage and power transformers and reclosers) are purchased from global suppliers with operations in Brazil.

The company's total procurement spend, excluding purchased electricity, was R\$ 11 billion in the year, with 99.6% sourced from local suppliers operating in Brazil. Of these, approximately 60% are located in Bahia, São Paulo, Pernambuco and Rio Grande do Norte.

To develop new and smaller local suppliers, and help make them more competitive, Neoenergia created a working group in 2022 to map potential candidates for providing services to the Networks Business. As a result, Neoenergia Cosern contracted with two new companies.

In 2022 a new supplier service channel was created, based on WhatsApp and e-mail, and thus more agile.

Among the measures implemented in the year was the third edition of EPX 2022 [from the Portuguese initials for Partner Company, Experience], an event to share best practices and bring group distributor contractors closer together. More than 300 people attended the summit. Examples of best practices in materials management were presented by four distribution SPs. During the event Neoenergia had displays on its ESG practices and compliance policy.

The following table shows the percent and volume of purchases from local suppliers:

#### PROCUREMENT OF MATERIALS, EQUIPMENT, WORKS, AND SERVICES FROM LOCAL SUPPLIERS (%)

##### GRI 204-1 | SDG 8.3

	2022	2021	2020
Total	99.6	99.3	99.6



## 4.2.2 Sustainable supply chain management

In 2022 the company created more ESG criteria for contracting with service suppliers to create a reference model that will be used as a comparator for anchor Service Provider agreements.

### 4.2.2.1 Promoting sustainability and social responsibility

#### GRI 308-1, 414-1

Neoenergia attempts to motivate suppliers to improve their ethics, social, and environmental performance, driving the sustainable management of its own chain. In 2022, 76% of new suppliers were screened against contractual environmental and social criteria clauses.

#### Commitment to the highest level of sustainability along the entire supply chain

The company's commitment to ESG extends to its main suppliers. The goal is to have at least 80% of its suppliers ranked as sustainable by 2025, and over 85% by 2030. In 2022 75% of the company's suppliers were sustainable.

#### b. Supplier sustainability assessment model

The company has developed a global model for supplier sustainability assessment around the principles of ESG. Supplier assessment measures their performance in attributes that range from identification and commitment to the Sustainable Development Goals (SDG) to the management of risks associated with climate change, circular economy strategy, an due diligence regarding human rights, among others.

The following data is taken into consideration along the three dimensions of this analysis:



The Go Supply platform, through which companies are rated according to sustainability criteria. Potential suppliers must complete a questionnaire including 43 questions of a social, ethical, environmental and governance nature. Companies that score more than 51 points are considered sustainable. Those that are unable to reach the minimum score are instructed on how to better follow the Group's policies through personalized improvement plans that are monitored by the Procurement team.

In 2022, energy suppliers were included in monitored.





### c. Factors analyzed for supplier classification

Neoenergia ensures its actions are aligned with the group's policies, principles, and responsibilities. The requirements for supplier classification are:



Fuel purchases are also subject to the general principles of the company's sustainable development policy, aimed at sponsoring actions towards social responsibility, respect for the environment, and prevention of occupational risks in supplier companies.

Neoenergia proceeds with an internal assessment of its main fuel suppliers using economic, logistics, environmental, and social criteria. Among the aspects assessed are the existence (or not) of an environmental policy, data on CO<sub>2</sub> emissions, emission-reduction initiatives, energy efficiency, biodiversity conservation, occupational health and safety, equal opportunities, human rights, and ethical behavior (anti-bribery and anti-corruption practices).

### SUPPLIER SURVEY

	2022	2021	2020
Spending on suppliers from specific diversity groups	0	0	0
Number of suppliers receiving a satisfaction survey	702	1,155	1,155
Number of suppliers answering the satisfaction survey	389	477	477
Satisfaction survey score (%)	8.97	8.90	8.90

<sup>1</sup>This survey is performed every two years, which is why the numbers for 2021 and 2020 are the same.



## 4.2.2.2 Supplier environmental assessment

### a. Alignment in supplier and procurement management regarding sustainability and the environment

#### GRI 3-3\_308

Internal procurement mechanisms		External supplier mechanisms	
<b>Procurement Policy</b>	This includes the environmental aspects required of suppliers, and responsible and sustainable management of the supply chain	<b>Code of Ethics</b>	This incorporates environmental principles and must be accepted by all suppliers and attached to orders and contracts
<b>Registration and classification</b>	Environmental certification is a plus in periodic supplier ratings; suppliers must all accept Neoenergia's Environmental Policy	<b>Specific clauses</b>	Environmental clauses the supplier must comply with throughout the contractual term
<b>Bid procedures</b>	Proposal analysis includes supplier environmental assessment regarding the contract in question	<b>Certification</b>	Neoenergia proactively encourages supplier environmental certification, supporting them in their search for excellence and generating a multiplier effect
<b>Annual improvement goals</b>	The variable compensation of the procurement team is linked directly to progress in supplier sustainability	<b>Measuring the carbon footprint</b>	From time to time the company measures supplier greenhouse gas emissions
<b>Global environmental system</b>	The Procurement Department is part of Iberdrola's global environmental system committee, which monitors environmental guidelines, the targets set, associated indicators, and audits	<b>Sustainability assessment model</b>	This includes biodiversity, circular economy, and the risks associated with climate change. Supplier assessments quantify their positions depending on the management used

#### GRI 308-2 | PG8

No supplier was found to have significant negative environmental impact, and Neoenergia does not have relevant suppliers located in areas of water stress.

## 4.2.2.3 Supplier social risk assessment

#### GRI 3-3\_414, 414-2, 407-1, 408-1, 409-1 | SDG 5,2, 8.7, 8.8, 16.1, 16.2

The group's terms for purchasing equipment, materials, works, and services include specific supplier corporate social responsibility clauses, which are based on the UN Universal Declaration of Human Rights, the conventions of the International Labor Organization, the principles of the Global Compact, and compliance with the Code of Ethics.

During the contractual term suppliers must allow Neoenergia to review their compliance with the contractual principles and clauses. If any breach is detected and not remedied Neoenergia reserves the right to terminate the agreement. All relevant general input suppliers are assessed using this management approach and any significant risk for human rights regarding their impact on society. Risk management and mitigation is performed to support quality processes and the periodic audits performed by each business unit.



As part of its procurement process, Neoenergia ensures the assessment of supplier risk as per its Purchasing Policy. The following risks in particular are analyzed: credit, fraud, cybersecurity, CSR (corporate social responsibility) as they affect human rights and fiscal aspects.

In 2022 there were no agreements with suppliers involved in incidents regarding the right to freedom of association, collective bargaining, child labor, or forced or non-consensual labor. Likewise there was no evidence of significant complaints filed for these reasons. There were no suppliers with significant negative social impact, nor incidents reported by the whistle-blowing channels that resulted in the cancellation of orders or contracts with group suppliers as a result of negative social impact. Neoenergia has labor control mechanisms for these issues.

**SUPPLIER SOCIAL RISK**

GRI 407-1, 408-1, 409-1   SDG 8.7, 8.8, 16.2	2022	2021	2020
Percent purchases from suppliers where the right to association and collective bargaining were violated	0 %	0 %	0 %
Number of supplier incidents for violation of the right to association and collective bargaining	0	0	0
Number of main activity centers at risk of violating the right to free association and collective bargaining	0	0	0
Percent purchases from suppliers with a significant risk of child labor	0 %	0 %	0 %
Number of recorded incidents of suppliers using child labor	0	0	0
Number of main centers of activity at risk of using child labor	0	0	0
Percent purchases from suppliers at significant risk of using forced and non-consensual labor	0 %	0 %	0 %
Number of registered incidents of suppliers using forced and non-consensual labor <sup>1</sup>	1	0	0

<sup>1</sup> In 2022 a labor complaint was filed by a former employee of a service provider against that company and Neoenergia Elektro for subsidiary liability. Among other issues, the former employee claimed that he had suffered degrading conditions in the housing where he stayed for two months, alleging that this housing/home did not have the necessary infrastructure. The company decided to settle, ending any labor affiliation and the legal relationship between the parties. No claim for failure to comply may be brought as the merits of the issue have yet to be decided (the case has not yet gone to trial). The case has been archived and Neoenergia Elektro no longer has any contractual bond to this service provider.

**a. Procurement analysis for countries presenting a risk of corruption**

In order to analyze the risk of corruption in procurement, the company uses the Transparency International Corruption Perceptions Index 2021 (TI CPI 2022) as a source to classify countries according to their level of risk. In a 2022 this country was considered a high risk of corruption, scoring 38 out of 100, below the global average of 43 and very far from the 66-point average for OECD countries. This index was first created in 1995 and is made up of 13 surveys and assessments by international institutions regarding the perception of corruption in government.

With this concept, local purchases in Brazil are inspected more carefully, even if they are primarily from private suppliers and not government entities.

**PURCHASES IN COUNTRIES WITH A CORRUPTION RISK GRI 205-1**

**% purchases in countries with a 2022 IPC index**

Purchases from countries considered low risk	0.4
Purchases from countries considered moderate risk	0
Purchases from countries considered high risk	99.6



# 5. Financial



## 5.1. Sustainable growth

### 5.1.1 Economic/financial impact

#### GRI 3-3\_201

The electric sector is an economic powerhouse, due to its massive investments and the direct and indirect quality jobs it creates. As one of the foremost corporate groups in Brazil's energy sector, Neoenergia has been following a sustainable business model for 25 years, that can handle Brazil's energy requirements and fight climate change. In the last three years the company has invested R\$ 113.1 billion and created some 10,000 new direct jobs, namely registered personnel and contractors.

#### Revenue

Consolidated net revenue was R\$ 40,822 million in 2022, an increase of 1% on the previous year reflecting a 0.8% decrease in distributed electricity and rate adjustments approved by ANEEL in response to rising inflation and energy costs.

The Gross Margin was R\$ 16,201 million (15% more than in 2021), explained by the effects:

- i. of the 2022 Rate Adjustments of Neoenergia Coelba, Neoenergia Pernambuco and Neoenergia Cosern effective from the end of April/22 (variance of Component B: +14.14%, +14.82% and +14.75% respectively), of Neoenergia Elektro, effective from the end of August/22 (variance of component B: +9.32%) and Neoenergia Brasília, effective from early November/22 (variance of component B: + 5.2%);
- ii. of Neoenergia Brasília's 2021 Rate-Setting Review (+11.10%); and
- iii. better performance of our wind operations thanks to the operational start-up of the Chafariz and Oitis windfarms and higher margins at Termopernambuco.

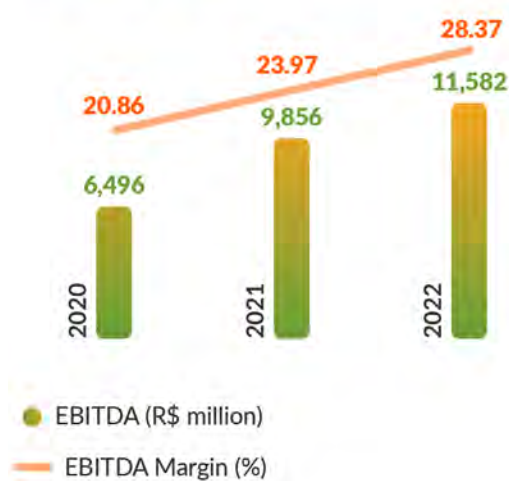


#### EBITDA and Net Income

EBITDA was R\$ 11,582 million in 2021 (up +18% versus 2021), reflecting sustained cost efficiency and discipline, good collection levels, continued progress on transmission projects, and the start of operation of the Chafariz wind cluster and partial startup of the Oitis wind cluster and Luzia solar farm, which added R\$ 731 million in cumulative EBITDA in the year. Net income was R\$ 4,718 million, up 20% on the previous year.



## EBITDA AND MARGIN



## NET INCOME (R\$ million)



### Indebtedness

Consolidated net debt, including cash and cash equivalents and securities, was R\$ 36,471 million, an increase of 19% on 2021 explained primarily by capital expenditure on network and renewables projects. Neoenergia's outstanding debt balance breaks down as 83% long term and 17% short term.

The company aims to structure its debt profile in a way that is consistent with the financial cycle of its businesses and the nature of its concessions. In order to reduce debt service costs and lengthen amortization schedules, Neoenergia actively manages financial liabilities to effectively lengthen maturities and avoid maturity concentration. Average debt maturity was 5.29 years as of December 2022 (5.06 years as of December 2021), with a leverage ratio of 3.15 times EBITDA (3.12 at year-end 2020).

Neoenergia Coelba plans to amortize R\$ 2,098 million in 2023; Neoenergia Pernambuco will repay an estimated R\$ 720 million; the holding company R\$ 665 million; Neoenergia Lagoa dos Patos R\$ 660 million; and Neoenergia Elektro R\$ 525 million. Total amortizations by the parent company, the three distribution subsidiaries and the transmission subsidiary accounts for 72% of consolidated amortization volume in the period.

Neoenergia's results of operations are further detailed in the 2022 Financial Statements, available [here](#).

### Capital Expenditure

Capital Expenditure was R\$ 9.9 billion in 2022, up 6% on the previous year. Most of the expenditure (R\$ 8.1 billion) was invested in Networks, with R\$ 5.5 billion allocated to the Distribution segment (67%), earmarked for both expansion and improvement/efficiency.

The R\$ 2.6 billion investments in Transmission was allocated to the development of assets acquired in auctions between 2018 and 2021. In Renewable energy, R\$ 1.7 billion was ploughed in the Oitis wind complex in Piauí and Bahia, which will be completed in early 2023, adding 566.5 MW of capacity, and in the solar farms - Luzia, with 143 MWp, in Paraíba, which started operating in the second half of 2022.

The hydroelectric plants received investments of R\$ 59 million, mainly in maintenance.

Investments in the Liberalized business (R\$ 62 million) were used for maintenance at Termopernambuco.

## INVESTMENTS (R\$ million)



## Financial assistance

The consolidated financial assistance received by Neoenergia group is shown in the table below:

### FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT (R\$ thousand)

#### GRI 201-4

	2022	2021	2020
Subsidies	0	0	0
Operating subsidies	0	0	0
Investment tax incentives	380,092	0	296,600
Production tax incentives	0	0	0
Aid for other items covered by the GRI Protocol	0	0	0
<b>Total</b>	<b>380,092</b>	<b>0</b>	<b>296,600</b>

## Added Value

#### GRI 201-1

Added value in 2022 was R\$ 33.3 billion, up 18.19% from the previous year. Most (48.59%) of the added value generated and distributed in the year was in the form of taxes, fees and contributions paid to federal, state and municipal governments. These include income taxes, industry charges, state value-added taxes (ICMS), social security taxes (PIS and COFINS and INSS on payroll), and other taxes.

#### DISTRIBUTION OF ADDED VALUE

(%)



The second largest volume consists of payments made to capital providers, with 31.65%, referring to interest and rent. Compensation of company employees (salaries, benefits and payroll charges) accounted for 5.39% of the total. Shareholders received 3.76% in the form of dividends and interest on equity, while retained earnings and reserves accounted for 10.61%. (Added value is detailed in item 7.1 – Appendices – Economic sphere).





## 5.1.2 - Capital market

At December 31, 2022 Neoenergia's market cap on B3 - Brasil, Bolsa Balcão was R\$ 18.7 million, and the company's shares (NEOE3) were quoted at R\$ 15.45. This entails the valuation of 0.13% on 2021. Since its IPO in June 2019, Neoenergia shares have appreciated by -1.28%.

In June 2022, the company was also listed on Latibex, in Madrid, which is linked to the Spanish stock exchange. The presence in this market makes it easier for European individual investors, especially Spaniards, to acquire Neoenergia shares for their portfolio, taking advantage of trading in Euros and European market hours.

### B3 STOCK PERFORMANCE

	2022	2021	IPO
Number of shares (thousand)	1,213,797	1,213,797	1,213,797
Market capitalization (R\$ million)	18,753	19,664	18,966
Most recent share price (R\$/share)	15.45	16.20	15.65



## 5.2 ESG Finance

In keeping with its sustainable business model, Neoenergia is positioned as one of the world's leading and pioneering business groups in ESG financing. This has the threefold objective of: (i) aligning its financial strategy with its purpose, values and investment strategy, (ii) optimising the cost of its debt, and (iii) diversifying its sources of financing, transforming sustainability into both an end and a means for the financial strength it pursues and which characterizes it.

### 5.2.1 Green finance transactions

#### Green bonds

The group signed new green finance transactions in 2022 in the total amount of R\$ 1.5 billion. In addition, it certified financing facilities taken out from the BNDES for transmission projects in the approximate amount of R\$ 2.050 billion. The loans classified as sustainable finance totaled R\$ 10.2 billion at the end of 2022, compared to R\$ 6.7 billion at the end of the previous year, in 19 transactions since 2019, when it was the first company in the electricity sector to issue green bonds. The R\$ 1.3 billion raised was allocated to the expansion of Renewables and Grids. Since then, the company has intensified its financing through this type of instrument, with issuances in various formats: public and private operations, senior and subordinated debt, issued by the holding company or its subsidiaries.

The differentiating feature of this financing is the commitment to use the funds obtained for sustainable and socially responsible environmental projects, including renewable energy, expansion and digitalisation of electricity transmission and distribution grids, researching new, more efficient technologies and smart mobility projects. The company also commits to provide annual reports on the environmental return generated by these projects in the corresponding period.

Since 2020, most of Neoenergia's green debts have been secured by the Green Finance Framework, which has external certification issued by NINT (formerly Sitawi), which confirms the company's good sustainability practices. This framework is aligned with the Green Bond Principles established by the International Capital Markets Association (ICMA). Each framework transaction also has a second party opinion of a confirming that the transaction meets the criteria described in Neoenergia's Green Finance Framework.

The documentation for all green transactions contracted by Neoenergia is available on the corporate Investor Relations website, in the [Sustainability/Green Debts](#) section.

#### Green loans in the capital market

In the capital market, Neoenergia obtained its first green loan in 2019 under its 6<sup>th</sup> issuance of debentures in two series, in the amounts of R\$ 803 million and R\$ 492 million, respectively, totaling approximately R\$ 1.295 billion, allocated to transmission infrastructure and renewable energy projects.

In 2020, Neoenergia Itabapoana issued debentures in the amount of R\$ 300 million to finance the transmission line that runs through the states of Espírito Santo, Minas Gerais, and Rio de Janeiro.

The 6<sup>th</sup> issuance of debentures by Neoenergia and the 1<sup>st</sup> issuance of debentures by Neoenergia Itabapoana were operations that took place prior to the publication of Neoenergia's Green Finance Framework and were therefore not backed by the company's green financing protocol. However, both operations have committed to secure external annual certification until their maturity.



In 2021, the distribution companies issued debentures (Neoenergia Pernambuco and Neoenergia Coelba), promissory notes (Neoenergia Elektro) and commercial notes (Neoenergia Coelba and Neoenergia Cosern), in the total amount of R\$ 1.966 billion, to carry out the eligible green plans of their Distribution Development Plans (PDD).

In 2022, debentures were issued by Neoenergia Elektro (R\$ 200 million) and Neoenergia Brasília (R\$ 300 million), and a commercial note was issued by Neoenergia Pernambuco (R\$ 450 million) also for the green plans of the PDDs.

### Green loans with development entities

Neoenergia obtained its first green loan with a development entity in 2019, when it contracted financing from the European Investment Bank (EIB) in the amount of €250 million, allocated to wind and solar projects. In 2021, another contract was signed in the amount of €200 million, also for these initiatives, which include the Chafariz and Oitis wind farms and the Luzia solar farm. In 2020, Neoenergia Coelba took out a loan of R\$ 508 million in co-financing from the Japan International Cooperation Agency (Jica).

In 2022, the following loans were also certified as green:

- R\$ 1.305 billion secured from the Brazilian Development Bank (BNDES) for Neoenergia Vale do Itajaí Transmissão de Energia. The investments will enable it to ramp up transmission from low-carbon sources and to upgrade this infrastructure in the states of Paraná and Santa Catarina.
- R\$ 369 million from BNDES for Neoenergia Santa Luzia Transmissão de Energia for the construction of transmission lines that will benefit the states of Ceará and Paraíba.
- R\$375 million from BNDES for Neoenergia Dourados Transmissão de Energia for the construction of the transmission line that will upgrade the transmission infrastructure in the states of Mato Grosso do Sul and São Paulo.

Some of these entities have their own criteria for evaluating projects and designating them as green instruments. All assets financed by these entities are included as eligible green financing projects in Neoenergia's green financing framework.

## 5.2.2 Financial transactions linked to the achievement of sustainable objectives

In 2022 the group obtained its first Sustainability-linked loan from the International Finance Corporation (IFC), a member of the World Bank Group, for a distribution company in Brazil. The loan, worth R\$ 550 million, was obtained by Neoenergia Coelba with a maturity of eight years and with the proceeds allocated to the improvement, expansion and digitization of the distribution network. Related metrics will be measured in 2026, supporting its status as a “super green loan.”

The table below summarizes Neoenergia's green loans and bonds since 2019:



## GREEN FINANCE – NEOENERGIA GROUP

Company	Instrument	Summary of use of proceeds	Volume	Qualified via
<b>2019</b>				
Neoenergia	6 <sup>th</sup> Debenture Issuance – 1 <sup>st</sup> Tranche	Transmission & Renewables	R\$ 803 million	Second Party Opinion
Neoenergia	6 <sup>th</sup> Debenture Issuance – 2 <sup>nd</sup> Tranche	Transmission & Renewables	R\$ 492 million	
Neoenergia	Long Term – BEI	Renewables	€ 250 million	BEI
<b>2020</b>				
Neoenergia Itabapoana	1 <sup>st</sup> Debenture Issuance	Transmission	R\$ 300 million	Second Party Opinion
Neoenergia Coelba	Long Term – JICA	-	R\$ 508 million	JICA
<b>2021</b>				
Neoenergia Elektro	3 <sup>rd</sup> Promissory Note Issuance	PDD1	R\$ 500 million	Green Finance Framework aligned with ESG best practices
Neoenergia Pernambuco	11 <sup>th</sup> Debenture Issuance – 3 <sup>rd</sup> Tranche	PDD1	R\$ 200 million	
Neoenergia Coelba	13 <sup>th</sup> Debenture Issuance – 3 <sup>rd</sup> Tranche	PDD1	R\$ 800 million	
Neoenergia Coelba	1 <sup>st</sup> Commercial Note Issuance – 1 <sup>st</sup> Tranche	PDD1	R\$ 266 million	
Neoenergia Cosern	1 <sup>st</sup> Commercial Note Issuance – 1 <sup>st</sup> Tranche	PDD1	R\$ 66.67 million	
Neoenergia Cosern	1 <sup>st</sup> Commercial Note Issuance – 2 <sup>nd</sup> Tranche	PDD1	R\$ 133.33 million	
Neoenergia	Long Term – BEI	Renewables	€ 200 million	BEI
<b>2022</b>				
Neoenergia Elektro	11 <sup>th</sup> Debenture Issuance	PDD1	R\$ 200 million	Green Finance Framework
Neoenergia Brasília	5 <sup>th</sup> Debenture Issuance	PDD1	R\$ 300 million	Green Finance Framework
Neoenergia Vale do Itajaí	BNDES Loan	Transmission	R\$ 1.305 billion	Green Finance Framework
Neoenergia Pernambuco	2 <sup>nd</sup> Commercial Note Issuance - 1 <sup>st</sup> and 2 <sup>nd</sup> Tranches	PDD1	R\$ 450 million	Green Finance Framework
Neoenergia Coelba	IFC – Super Green Loan	PDD1	R\$ 550 million	Sustainability-Linked Finance Framework and Green Finance Framework
Neoenergia Santa Luzia	BNDES Loan	Transmission	R\$ 368.98 million	Green Finance Framework
Neoenergia Dourados	BNDES Loan	Transmission	R\$ 375 million	Green Finance Framework

### 5.2.1.2 Green Finance Framework

To ratify its commitment to sustainability and in line with the organic growth of the business, at year-end 2022 Neoenergia republished on its website an updated edition of the Group's Green Finance Framework (first issued in December 2020), based on the Green Bond Principles (GBP) published by the International Capital Market Association (ICMA). The GBP ensure integrity in the green debt market by providing guidelines to increase transparency through the disclosure of indicators and practices.

The framework also follows the Green Loan Principles (GLP), which are based on and refer to ICMA's GBP and aim to promote consistency in the financial market. The framework is aligned with the four core components



of the GBP and GLP: (i) use of proceeds; (ii) process for project evaluation and selection; (iii) management of proceeds; and (iv) reporting.

The business lines that are identified in the Framework as “green” contribute directly to the achievement of SDGs 7 (Affordable and clean energy), 8 (Decent work and economic growth) and 13 (Climate action), as well as indirectly supporting other SDGs.

### Certified issuances – Indicators

As established in the Green Finance Framework, the company fulfills its commitment to annually report specific indicators for projects receiving proceeds from green financing, as well as the environmental benefits achieved through the funded investments. All commitments undertaken in the Green Finance Framework remain valid and are being met.

### REFERENCE INDICATORS FOR GREEN BONDS – GREEN FINANCE FRAMEWORK

Distribution Business			
Indicators by project/issuance	Company	Data for 2022	Data for 2021
Number of households/customers connected to smart grids <sup>1</sup>	Neoenergia Elektro	1,614,873	2,018,155
	Neoenergia Pernambuco	950,792	867,665
	Neoenergia Coelba	1,628,924	557,464
	Neoenergia Cosern	768,103	891,674
	Neoenergia Brasilia	387,955	NA
Energy loss and technical availability indices (EOD, hours, and EOF, times)	Neoenergia Elektro	EOD: 6.97 / EOF: 3.84	EOD: 7.38 / EOF: 4.22
	Neoenergia Pernambuco	EOD: 11.75 / EOF: 4.77	EOD: 12.00 / EOF: 5.75
	Neoenergia Coelba	EOD: 11.41 / EOF: 4.99	EOD: 11.46 / EOF: 5.18
	Neoenergia Cosern	EOD: 7.94 / EOF: 3.05	EOD: 6.78 / EOF: 2.81
	Neoenergia Brasilia	EOD: 6.65 / EOF: 5.72	NA
Corporate social investment (R\$ mil)	Neoenergia Elektro	4,940	1,579
	Neoenergia Pernambuco	1,997	3,049
	Neoenergia Coelba	4,844	4,250
	Neoenergia Cosern	4,680	3,283
	Neoenergia Brasilia	3,540	NA
Renewable electricity purchase rate (%)	Neoenergia Elektro	80 %	79%
	Neoenergia Pernambuco	57 %	57%
	Neoenergia Coelba	68 %	68%
	Neoenergia Cosern	59 %	59%
	Neoenergia Brasilia	83 %	NA

NA: Not applicable

<sup>1</sup> As part of its commitment to delivering best-quality service to customers, throughout 2022 Neoenergia implemented new self-healing systems that benefited more than 1,500 customers in its service area. The number of individual customers benefited by the technology across all distribution companies now exceeds 5 million.

Despite the new self-healing systems coming online in 2022, the total number of customers benefited by self-healing automation at Neoenergia Cosern decreased in the year. This was due to: i) the completion of network expansion projects (resulting in changes to the region’s original network layout), with some self-healing systems being deactivated as a result; and ii) certain loads being reallocated to other feeders (improving load balancing and reducing the number of customers per section)—this meant that some customers were transferred to circuits not yet provided with self-healing systems. In 2021, Neoenergia Elektro’s calculation method was based on the number of customers connected to automated networks. In 2022, the calculation method was changed for consistency with other group companies, and was based on customers connected to networks with self-healing systems. For this reason, even though more than 600,000 new customers benefited from the technology in 2022, the final calculation shows a reduction compared to the figures from 2021.



## Reference indicators for Green Bonds – Green Finance Framework

### Transmission Business

#### Dourados (EKTT12)

Transmission services provided to green users: renewable users (77.3%); non-renewable users (22.7%).

Environmental licensing status and compliance with environmental covenants:

Section	Assets	Preliminary License	Construction License	Status
1	Nova Porto Primavera – Rio Brilhante 230KV TL, C2, CS	Feb '19	Feb '19	Process completed
2	Nova Porto Primavera – Ivinhema 2 230KV TL, C2, CS	May '18	Feb '19	Process completed
3	Rio Brilhante – Campo Grande 2 230 KV TL C1, CS	Dec '18	Aug '19	Process completed
4	Campo Grande 2 – Imbirussu 230 KV TL C2, CS	Dec '18	Aug '19	Process completed
5	Rio Brilhante – Dourados 2 230 KV TL C1, CS Dourados 2 – Dourados 230 KV TL C2, CS Dourados 2 230/138 kV SS and sectioning points	Dec '18	Aug '19	Process completed

Neoenergia Dourados is compliant with the general environmental covenants contained in its operation licenses, with the exception of the following pending covenants, presented below by license:

- IBAMA License 1578/2020: covenants 1.4, 2.3, 2.4, 2.5, 2.7 and 2.8
- IBAMA License 1602/2020: covenants 1.4, 2.3, 2.4, 2.6, 2.7 and 2.9 and 2.10
- Imasul License 5/2022: covenants 8, 9, 10 and 16
- Imasul License 38/2021: covenants 3, 4, 6, 7, 11 and 12
- Imasul License 61/2021: covenants 9, 10, 11, 12, 15 and 17
- Imasul License 96/2021: covenants 8, 9, 10, 11, 12, 13, 18 and 19
- Imasul License 99/2021: covenants 9, 11, 12, 13, 15 and 18
- Imasul License 228/2021: covenants 9, 11, 12, 13, 14 and 15

The following are some of the programs implemented for compliance with these covenants throughout the licensing process (Preliminary License, Construction License and Operation License):

- Particulate emissions: Environmental Construction Plan and Environmental Management Plan
- Changes in noise levels: Environmental Construction Plan and Environmental Management Plan
- Increased waste production: Environmental Education Plan, Environmental Construction Plan and Disturbed Land Rehabilitation Plan
- Triggering or acceleration of erosion: Environmental Construction Plan; Clearing Program; Erosion Identification, Monitoring and Control Plan: Disturbed Land Rehabilitation Plan
- Interference with vegetation: Clearing Program; Environmental Construction Plan; Reforestation Program; Environmental Education Plan; Employee Environmental Education Plan; Disturbed Land Rehabilitation Plan
- Changes in or losses of habitat: Clearing Program; Environmental Construction Plan; Reforestation Program; Environmental Education Plan; Employee Environmental Education Plan; Disturbed Land Rehabilitation Plan
- Interference with wildlife: Environmental Construction Plan; Clearing Plan; Bird Monitoring Program; Wildlife Dispersal, Management and Retrieval Program; Environmental Education Plan



- Pressure on essential infrastructure and services: Environmental Construction Plan; Environmental Management Plan; Employee Environmental Education Plan
- Interference with land uses: Social Communication Plan; Mining Interference Management Program; Clearing Program

Land dispute resolution through amicable agreements rather than in court (%):

Assets	Total properties	Properties negotiated or adjudicated	Properties to be negotiated or adjudicated	% Properties negotiated or adjudicated	% Amicably	% In court
Nova Porto Primavera – Rio Brilhante 230KV TL, C2, CS	96	96	-	100%	77.08%	22.92%
Nova Porto Primavera – Ivinhema 2 230KV TL, C2, CS	54	54	-	100%	57.41%	42.59%
Rio Brilhante – Campo Grande 2 230 KV TL C1, CS	77	77	-	100%	46.75%	53.25%
Campo Grande 2 – Imbirussu 230 KV TL C2, CS	62	62	-	100%	43.55%	56.45%
Rio Brilhante – Dourados 2 230 KV TL C1, CS	132	130	2	98.48%	71.54%	28.46%
Dourados 2 – Dourados 230 KV TL C2, CS	81	81	-	100%	82.72%	17.28%
Dourados 1 – Dourados 2 230 kV TL (entrance)	50	50	-	100%	94%	6%
Dourados 2 – Ivinhema 2 230 kV TL (exit)	55	55	-	100%	94.55%	5.45%
Dourados 2 230/138 kV SS and sectioning points	3	3	-	100%	100%	0%
Nova Porto Primavera SS (expansion)	1	-	1	0%	0%	0%
Rio Brilhante SS (expansion)	1	1	-	100%	0%	100%
<b>Total</b>	<b>612</b>	<b>609</b>	<b>3</b>	<b>99.51%</b>	<b>70.44%</b>	<b>29.56%</b>

## Santa Luzia (EKTT02)

Transmission services provided to green users: renewable users (77.3%); non-renewable users (22.7%).

Environmental licensing status and compliance with environmental covenants:

Section	Assets	Preliminary License	Construction License	Status
1	Santa Luzia II – Campina Grande III 500 kV TL Santa Luzia II 500 kV SS	Aug '19	Mar '20	Process completed
2	Santa Luzia II – Milagres II 500 kV TL	Aug '19	Mar '20	Process completed

Neoenergia Santa Luzia is compliant with the general environmental covenants contained in its operation licenses, with the exception of the following pending covenants, presented below by license:

- IBAMA License 1616/2021: covenants 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.9 and 2.12
- Sudema License C4/2021: covenants 6, 7, 8, 10 and 11





The following are some of the programs implemented for compliance with these covenants throughout the licensing process (Preliminary License, Construction License and Operation License):

- Particulate emissions: Environmental Construction Plan and Environmental Management Plan
- Changes in noise levels: Environmental Construction Plan and Environmental Management Plan
- Increased waste production: Environmental Education Plan, Environmental Construction Plan and Disturbed Land Rehabilitation Plan
- Triggering or acceleration of erosion: Environmental Construction Plan; Clearing Program; Erosion Identification, Monitoring and Control Plan: Disturbed Land Rehabilitation Plan
- Interference with vegetation: Clearing Program; Environmental Construction Plan; Reforestation Program; Environmental Education Plan; Employee Environmental Education Plan; Disturbed Land Rehabilitation Plan
- Changes in or losses of habitat: Clearing Program; Environmental Construction Plan; Reforestation Program; Environmental Education Plan; Employee Environmental Education Plan; Disturbed Land Rehabilitation Plan
- Interference with wildlife: Environmental Construction Plan; Clearing Plan; Bird Monitoring Program; Wildlife Dispersal, Management and Retrieval Program; Environmental Education Plan
- Pressure on essential infrastructure and services: Environmental Construction Plan; Environmental Management Plan; Employee Environmental Education Plan
- Interference with land uses: Social Communication Plan; Mining Interference Management Program; Clearing Program.

Land dispute resolution through amicable agreements rather than in court (%):

Assets	Total properties	Properties negotiated or adjudicated	Properties to be negotiated or adjudicated	% Properties negotiated or adjudicated	% Amicably	% In court
Santa Luzia II – Campina Grande III 500 kV TL	226	226	-	100%	72.12%	27.88%
Santa Luzia II 500 kV SS						
Santa Luzia II – Milagres II 500 kV TL	623	622	1	99.84%	85.37%	14.63%
Santa Luzia II 500 kV SS	2	2	-	100%	0	100%
	<b>851</b>	<b>850</b>	<b>1</b>	<b>99.88%</b>	<b>81.65%</b>	<b>18.35%</b>



### Vale do Itajaí (EKTT11)

Transmission services provided to green users: this project is still under development.

Environmental licensing status and compliance with environmental covenants:

Section	Assets	Preliminary License	Construction License	Status
1	Joinville Sul 525/230/138 kV SS and sectioning points Itajaí 2 525/230/138 kV SS and sectioning points Areia – Joinville Sul 525 kV TL Joinville Sul – Itajaí 2 525 kV TL Itajaí 2 – Biguaçu 525 kV TL Itajaí – Itajaí 2 230 kV TLs – C1 and C2	Mar '21	June '22	Process completed
2	Gaspar 2 525/230 kV SS and 525 kV sectioning points	Aug '20	Aug '21	Process completed
3	Jaraguá do Sul 230/138 kV SS and sectioning points Indaial 230/138 kV SS	Nov '20	Aug '21	Process completed
4	Rio do Sul – Indaial 230 kV TLs – C1 and C2 Indaial – Gaspar 2 230 kV TLs – C1 and C2	Aug '20	Aug '21	Process completed
5	Distributor access to the Joinville Sul and Itajaí 2 SSs	Nov '20	Aug '21	Process completed

Neoenergia Vale do Itajaí is compliant overall with the general and specific environmental covenants contained in its construction licenses, although some remain pending.

The following are some of the programs implemented for compliance with these covenants throughout the licensing process (Preliminary License and Construction License):

- Particulate emissions: Basic Environmental Plan and Environmental Control Plan (in progress)
- Changes in noise levels: Basic Environmental Plan and Environmental Control Plan (in progress)
- Increased waste production: Basic Environmental Plan and Risk Management Program (in progress)
- Triggering or acceleration of erosion: Basic Environmental Plan; Clearing Plan; Erosion Identification, Monitoring and Control Plan; Disturbed Land Rehabilitation Plan (in progress)
- Interference with vegetation: Clearing Program; Basic Environmental Plan; Reforestation Program; Environmental Education Plan; Employee Environmental Education Plan; Disturbed Land Rehabilitation Plan (in progress)
- Changes in or losses of habitat: Clearing Program; Basic Environmental Plan; Reforestation Program; Environmental Education Plan; Employee Environmental Education Plan; Disturbed Land Rehabilitation Plan (in progress)
- Interference with wildlife: PBA – Clearing Program
- Bird Monitoring Program; Wildlife Dispersal, Management and Retrieval Program; Threatened Mammal Conservation Program; Environmental Education Plan (in progress)
- Interference with land uses: Social Communication Plan; Mining Interference Management Program; Clearing Program; Archaeological Heritage Management Program (in progress)

Land dispute resolution through amicable agreements rather than in court (%):



Assets	Total properties	Properties negotiated or adjudicated	Properties pending negotiation or adjudication	% Properties negotiated or adjudicated	% Amicably	% In court
Areia – Joinville Sul 525 kV TL	1,047	613	434	58.55%	91.68%	8.32%
Joinville Sul – Itajaí 2 525 kV TL	323	242	81	74.92%	48.35%	51.65%
Itajaí 2 – Biguaçu 525 kV TL	320	281	39	87.81%	29.54%	70.46%
Rio do Sul – Indaial 230 kV TLs – C1 and C2	298	284	14	95.30%	67.25%	32.75%
Indaial – Gaspar 2 230 kV TLs	294	271	23	92.18%	47.60%	52.40%
Itajaí – Itajaí 2 230 kV TL – C1	52	52	-	100%	48.08%	51.92%
Itajaí – Itajaí 2 230 kV TL – C2	49	49	-	100%	46.94%	53.06%
525 kV TL section between the Joinville Sul SS and the Curitiba – Blumenau TL – C1	200	20	180	10%	0%	100%
525 kV TL sections between the Joinville Sul SS and the Curitiba East – Blumenau TL – C1	178	25	153	14.04%	40%	60%
525 kV TL sections between the Gaspar 2 SS and the Curitiba – Blumenau TL – C1	102	54	48	52.94%	29.63%	70.37%
525 kV TL section between the Gaspar 2 SS and the Blumenau – Biguaçu C1 TL	58	53	5	91.38%	39.62%	60.38%
230 kV TL sections between the Joinville Sul SS and the Blumenau – Joinville TL – C1	4	-	4	0%	0%	0%
230 kV TL sections between the Joinville Sul SS and the Blumenau – Joinville Norte TL – C1	4	-	4	0%	0%	0%
230 kV TL sections between the Joinville Sul SS and the Joinville – Joinville Norte TL – C1	59	24	35	40.68%	29.17%	70.83%
230 kV TL sections between the Jaraguá do Sul SS and the Blumenau – Joinville Norte TL – C1	127	14	113	11.02%	-50%	150%
230 kV TL sections between the Jaraguá do Sul SS and the Blumenau – Joinville TL – C1	134	17	117	12.69%	-5.88%	105.88%
138 kV TL section between the Itajaí 2 SS and the Camboriú Morro do Boi – Itajaí TL	11	10	1	90.91%	40%	60%
138 kV TL section between the Itajaí 2 SS and the Itajaí Fazenda – Itajaí TL	12	11	1	91.67%	45.45%	54.55%
Joinville Sul 525/230/138 kV SS	8	8	-	100%	37.50%	62.50%
Jaraguá do Sul 230/138 kV SS	8	8	-	100%	50%	50%
Itajaí 2 525/230/138 kV SS	3	3	-	100%	0%	100%
Gaspar 2 525/230 kV SS	7	7	-	100%	0%	100%
Indaial 230/138 kV SS	2	2	-	100%	0%	100%
Rio do Sul SS	4	4	-	100%	100%	0%
	<b>3,304</b>	<b>2,052</b>	<b>1,252</b>	<b>62.11%</b>	<b>58.28%</b>	<b>41.72%</b>



## 6. About the report



### GRI 2-3

Neoenergia has published annual reports on its environmental, social, economic and governance performance since 2004, when the company published its first Annual Report as part of its commitment to transparency and sustainable growth. Since 2010, the company's reports have been prepared in accordance with the Global Reporting Initiative (GRI) Standards and the ANEEL Handbook on Economic, Social and Environmental Reporting.

Since 2020, Neoenergia has also drawn guidance from the International <IR> Framework, the Sustainability Accounting Standards Board (SASB) standards for the electric utility sector, and recommendations from S&P Global's Corporate Sustainability Assessment (CSA) for the Dow Jones Sustainability Index (DJSI). This year's report has additionally incorporated the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The report also illustrates Neoenergia's commitment to the United Nations Global Compact (UNGC) and Sustainable Development Goals (SDGs). The previous report, covering the year 2021, was published in March 2022.

### GRI 2-14

This edition, published on February 17, 2023, covers the period from January 1 to December 31, 2022. The report describes the company's performance across both financial and non-financial aspects (including ESG aspects) as well as identified risks and opportunities that are of interest to shareholders and other stakeholders. The report was approved by Neoenergia's Board of Directors in a meeting on February 15, 2022.

### GRI 2-5

Financial information has been prepared in accordance with International Financial Reporting Standards (IFRS). Non-financial information was compiled using a proprietary disclosures management system based on international standards (GRI, IIR and SASB), corporate procedures, and environmental and quality certification standards. The report has been assured internally as well as externally, certified for internal controls, and verified by the Sustainability Committee, the Audit Committee and the Board of Directors. The Sustainability Committee has reviewed the report within the scope of its mandate and has determined that the non-financial information is consistent with the Company's sustainable development strategy.

To facilitate maximum access to other available information, direct links are included throughout this report to both the corporate website ([www.neoenergia.com](http://www.neoenergia.com)) and to other pages of the group, as well as to official documents published thereon in PDF format. To open these links, click with the left button of your mouse directly on the underlined text.

#### Notes:

- The figures included in this translation follow the customary English convention, with figures in thousands separated by a comma (,) and decimals indicated by a full stop (.).
- Slight variations may appear in the 2021 and 2020 data with regard to those published in last year's report due to rounding of figures. Those cases in which recalculations have been performed are indicated with a footnote. As the percentage interests in certain companies may not be 100%, sums may not correspond to the total presented due to rounding.



## 6.1 Scope of information

### 6.1.1 Introduction on the scope of information

Neoenergia has followed the GRI recommendations for defining the boundary of this report, taking into account the entities over which it has control, those over which it has significant influence, and those activities that are significant for the group from the economic, environmental and social standpoint.

For purposes of this report, the following terms have the meanings set forth below:

- "Neoenergia" or the "company": Neoenergia S.A.
- "Neoenergia group" or "group": Neoenergia (as parent company) and the group of subsidiaries over which Neoenergia has the power of control or joint control.
- "Minority-owned companies" (or "investees"): the group of companies in which Neoenergia has a percentage interest but not the power to exercise control. At these minority-owned companies Neoenergia promotes the policies approved within the group through the governance bodies of such companies and includes information on those considered significant in terms of sustainability.

#### GRI 2-2

The information in this report covers all entities controlled and managed by Neoenergia, including 5 distribution utilities, 6 hydropower plants, 41 wind farms, 1 thermal power plant, 9 operational transmission companies, and 3 trading and services companies. Social and environmental disclosures exclude one hydroelectric dam (Belo Monte, in which the company has a 10% stake), two photovoltaic solar farms that started operation near the end of 2022, and three wind farms under construction (Oitis 9, 10 and 21). These companies are detailed in the Disclosures supplement.

### 6.1.1.1 Boundaries of information in this report

#### Time scope

#### GRI 2-3

Year 2022. The report is published on an annual basis and covers a 12-month calendar year for the financial year from January 1 to December 31.

#### Organizational scope

#### GRI 2-6, 2-2

The preparation of this report considers the following frames of reference, which determine its structure, scope and contents:

- The financial information published in this report must be consistent with the financial statements and, therefore, comply with the relevant Brazilian legal provisions.
- Sustainability, or ESG, information is prepared by applying a reporting standard or framework. Neoenergia has opted to use the GRI Standards, in its "in accordance GRI" option, taking into account the scope of this standard, its recognition and universality, and over a decade of experience in its application. Disclosures are also responsive to the accounting metrics issued by the Sustainability Accounting Standards Board (SASB).



## Report boundary

Relates to all group companies, their subsidiaries and investees. The financial information included in this Statement of Non-Financial Information – Annual Report 2022 is based on the Neoenergia S.A. Annual Financial Report and Standardized Financial Statements for financial year 2022. It therefore corresponds to the global boundary defined above.

## Limitations on the scope of information

Neoenergia believes that this report reflects the economic, environmental and social performance of the company in a reasonable and balanced manner, on the understanding that the exceptions to the scope of the report do not significantly alter the consolidated indicators and therefore do not affect the reader's assessment of the company's performance.

Explanatory footnotes are added in case a particular indicator could not be compiled in accordance with the reporting boundary. This is the case, for example, of the other air emissions disclosure (GRI 305-7), which applies to the Termopernambuco thermal power plant only.

## 6.1.1.2 Significant changes to the organization and its supply chain

### GRI 2-6

#### Changes in activities and/or in operations

In the course of their business, the various subsidiaries and affiliates of Neoenergia have engaged in transactions that change the composition of their assets in 2022, including the following:

- The company expanded its renewables portfolio, moving up delivery of the Oitis Wind Farm (567 MW) between the states of Piauí and Bahia, which ended the year at 70% operating capacity (commercial + testing). The Luzia solar farm was also brought online, adding 143 MWp (solar) of installed capacity.
- In transmission, new transmission lines were brought online in Jalapão (728 km) and Rio Formoso (210 km), both earlier than stipulated in the bid document. The company also delivered sections of other lots that are still under construction, ending the year with additional total Permitted Annual Revenue (PAR) of R\$ 200 million.
- 

#### Changes in capital structure

Two developments resulted in changes to the company's capital structure:

- A public offering of shares in Neoenergia Pernambuco to acquire a minority interest. As a result of the transaction, the distributor is now wholly owned by the group.
- Share swap with Eletrobras. As a result of this transaction, Neoenergia now owns 100% of the Água da Pedra (Dardanelos) hydroelectric power plant as well as a residual 0.04% interest in Neoenergia Coelba, Neoenergia Cosern and Afluente T; in exchange, Eletrobras received a 51% interest in the Teles Pires and Baguari I hydroelectric dams.

#### Changes in supply chain

During the year there were no significant changes in the company's supply chain.





## 6.2. Defining report content. Materiality assessment

### GRI 3-1

The topics covered in this report were compiled in a materiality assessment in 2022 to identify the topics that are a priority at Neoenergia in managing sustainability. In performing the assessment, independent consultants Editora Contadino drew guidance from the Global Reporting Initiative (GRI) Standard, AA1000 (Accountability 1000) and recommendations from S&P Global's Corporate Sustainability Assessment (CSA) for the Dow Jones Sustainability Index (DJSI).

The assessment process used both the double materiality approach (considering both financial and non-financial impact) and the dynamic materiality approach, based on eliciting stakeholders views and considering current and future issues that could become material for the company.





A preliminary list of topics was compiled in a multi-stage process that included industry benchmarking (22 Brazilian and global companies), identifying aspects prioritized by experts from leading sustainability organizations, evaluating business strategy, and considering internal and external commitments assumed by Neoenergia, as well as topics prioritized by the company's controlling shareholder, Iberdrola.

Representatives from interest groups (employees, customers, suppliers, community members and non-governmental organizations, shareholders, the financial market, government agencies and regulators, the media, and environmental agencies) were invited to respond to an online questionnaire with 22 initial topics. A total of 390 completed questionnaires were returned, ranking the listed topics by order of materiality. Members of senior management—totaling 22 board members and executives—also scored the topics based on the company's ESG commitments and strategy, and their understanding of the impacts that each topic has on the company, the economy, the environment, and society.

## 6.3. Disclosures from the statement of non-financial information

### GRI 3-2

Material topics have been defined based on a ranked list prepared by company management. The views of stakeholders have been taken into account, but following the recommendation in the GRI Standards 2021 of no longer incorporating two independent concepts represented in a matrix. Emphasis was placed on evaluating the current and potential impacts of each aspect, as well as considering the company's business strategy, values, and ESG 2025 and 2030 commitments, which are aligned with the 2030 Agenda and the Sustainable Development Goals (SDGs). While stakeholder inputs were considered, they were given less weight than impact assessment, which is the most important factor according to the GRI Standards.

The prioritization process was conducted by the Innovation, Sustainability and Climate Change department, under the vice president for Regulatory, Institutional and Sustainability Affairs. Some topics were grouped together based on their similarity or complementarity, resulting in a total of 16 material topics. The final version of parent company Iberdrola's materiality assessment was also taken into account. Ten topics were classified as priorities, while six other topics were deemed relevant but with less emphasis given in management.



**MATERIAL TOPICS** GRI 3-2



Environmental topics



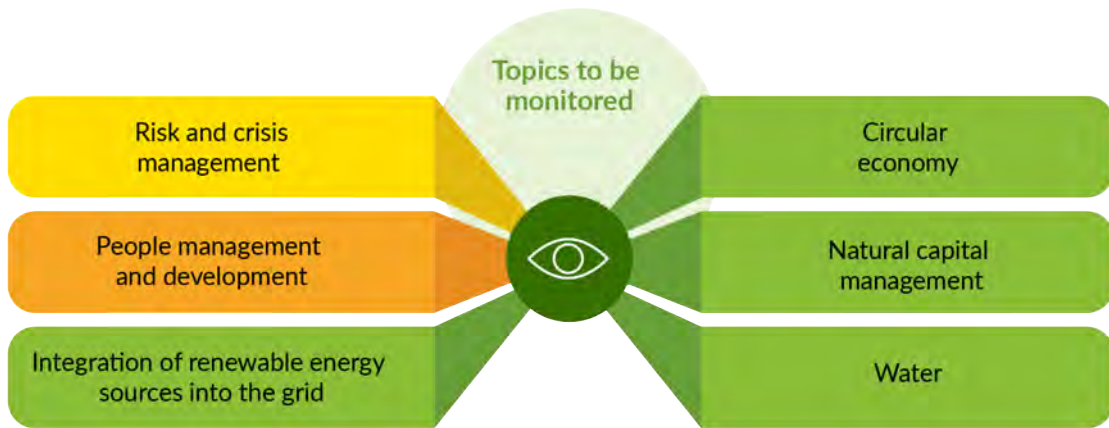
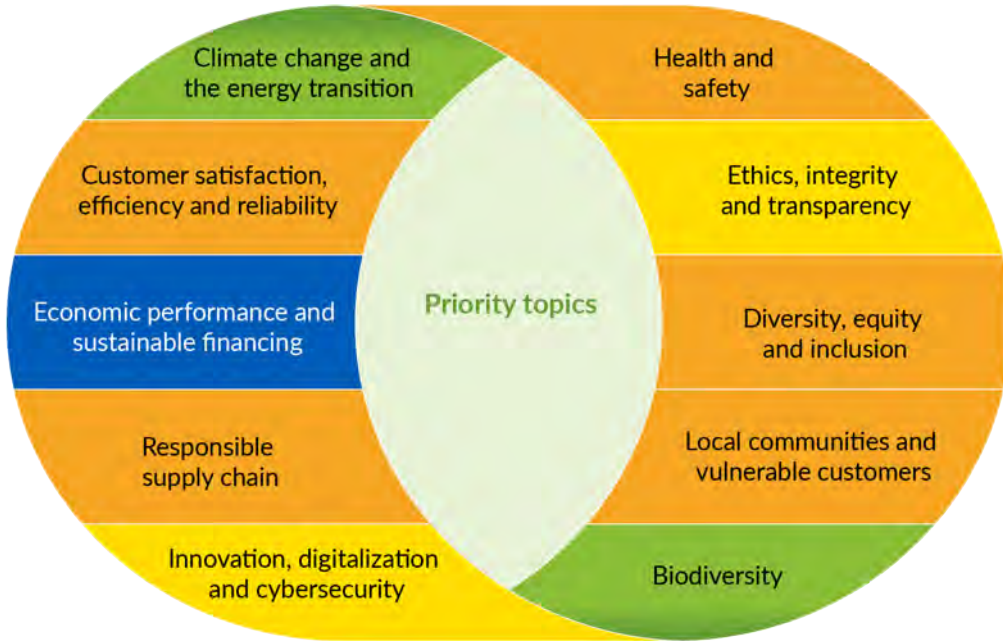
Social topics



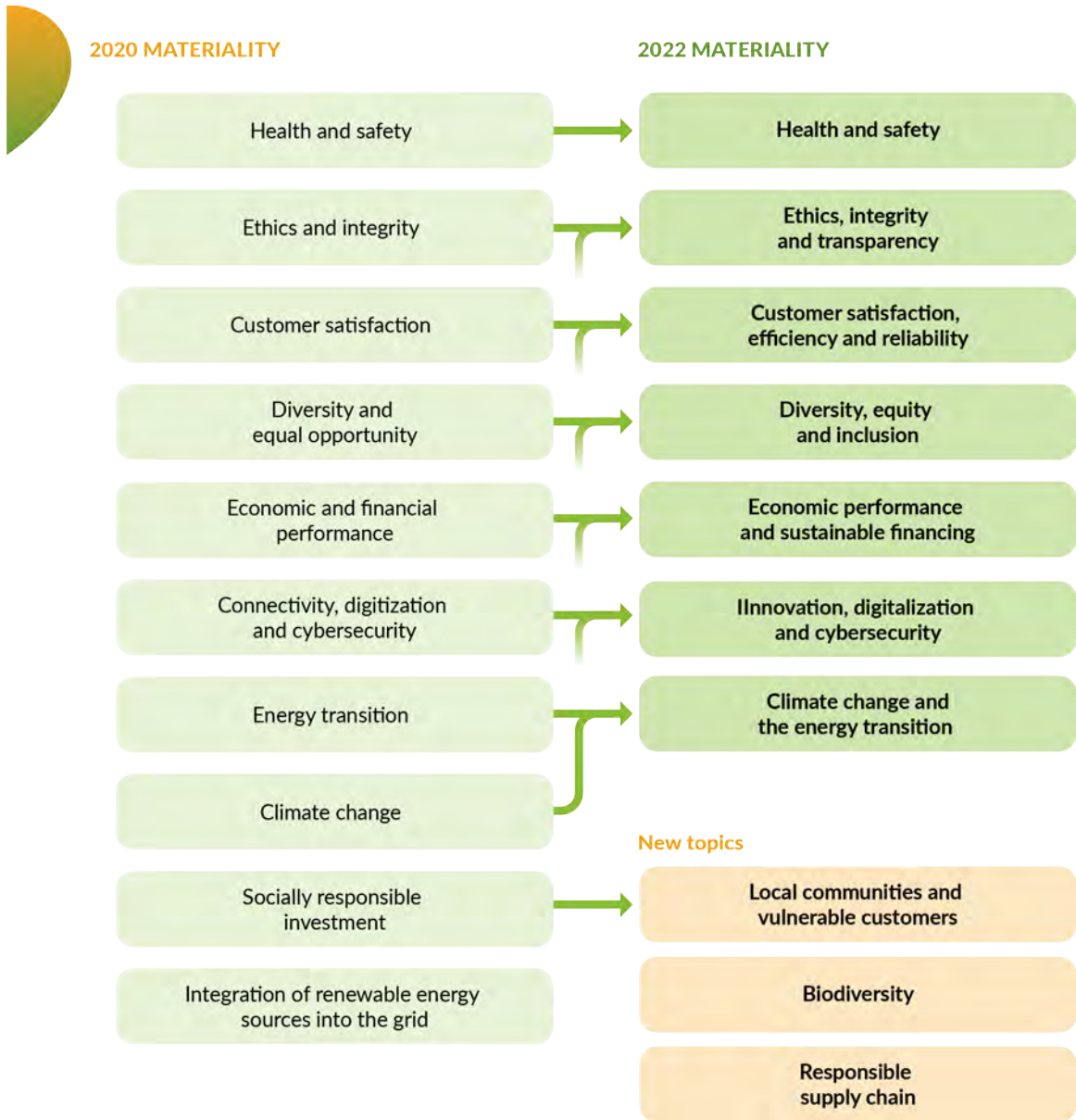
Governance topics



Economic and financial topics



Nine topics from the previous year were maintained, with some terminology adjustments such as “Ethics and integrity” becoming “Ethics, integrity, and transparency.” One topic, “Integration of renewable energy sources into the grid,” was removed. Three new topics were added: “Local communities and vulnerable customers,” which incorporates the Socially responsible investment topic from 2020; “Biodiversity;” and “Responsible Supply Chain.” These topics are detailed below:



**IMPACTS FROM MATERIAL TOPICS**

**GRI 3-2, 3-3**

**Impacts**

**2030 ESG Commitments**

**Environmental topics**

**Climate change and the energy transition**

The consumption of fossil fuel energy has both environmental and human health impacts. Globally, regulations promoting the transition to a low-carbon economy linked to clean and renewable energy are expanding. Neoenergia has made expanding renewable capacity (hydroelectric, wind, and solar) one of its priorities. Renewables investments have positive environmental impacts (reduced GHG emissions) as well as delivering social and economic benefits (jobs and income, tax revenue for local governments, etc.).

The energy transition is also part of the global response to climate change, which has impacts on economies, the environment and people, the three main risks identified in the Global Risks Report released by the World Economic Forum in early 2023 for the next decade. Recognizing the importance of tackling this challenge effectively, companies are assessing risks and opportunities arising from climate change (physical, operational, and financial) and exploring ways to integrate them into their daily operations. For the power sector, mitigation risks may entail changes in the business model, and physical adaptation risks could impact facilities and operations.

- Greenhouse gas emissions (scope 1): achieve reductions from 61 gCO<sub>2</sub> /kWh of electricity in 2021 to 20 gCO<sub>2</sub> /kWh.
- Fleet electrification: from 5% of light vehicles in 2021 to 50%.



**Biodiversity**

The power sector, recognizing the impacts that its generation, distribution, and transmission infrastructure can have on the environment (such as visual and landscape impacts), is increasingly investing in innovative solutions to minimize those impacts. In addition, concerns regarding environmental conservation and the consequences that high biodiversity loss can bring to the planet are a topic addressed in many related forums. In response, companies are seeking to minimize their environmental impact and to take action to reduce their ecological footprint.

One of the most common approaches is developing biodiversity policies and strategies to quantify not only the impact of businesses on biodiversity but also the impact that biodiversity loss can have on businesses. Biodiversity loss is ranked as the fourth biggest threat to the planet's future in the Global Risks Report released by the World Economic Forum in early 2023.

- Neoenergia's Biodiversity Target: Achieve net zero loss of biodiversity by 2030, and work to generate a positive net impact from greenfield infrastructure projects

**Social topics****Health and safety**

The health and safety of employees and contractors has remained high on companies' agendas in recent years. After the Covid-19 pandemic, it has become one of the main levers to which companies and major organizations have targeted prevention actions. At Neoenergia, Safety is a core value and an integral part of the company's ESG 2030 commitments. Preventing incidents involving the power grid is a constant concern for the company, as they affect not only its employees and partners but also the community. The power sector presents a high risk for occupational injuries, and accidental contact with power lines can result in fatalities involving the public. This risk is addressed through structured prevention programs and by building a life-valuing culture in internal processes and in interactions with contractors. Other initiatives include community awareness campaigns on the safe use of power systems.

- Occupational injuries: achieve a lost-time and no-lost-time injury rate of less than 0.39. (0.44 in 2021).
- Certification: have 42% of employees based at ISO 45001-certified sites (38% in 2021).

**Diversity, equity and inclusion**

A diverse, ethical and inclusive environment requires respect for human rights and equal opportunity for all individuals. This creates positive economic and social impacts from greater engagement and multi-stakeholder effort in pursuing organizational goals. In recent years, diversity and equal opportunity have become a constant topic of discussion, both in the corporate world and in the political arena. Issues such as wage gaps and the underrepresentation of women in leadership positions have been raised in numerous discussions, engaging businesses in implementing measures to balance diversity in the workplace. In this context, developing hiring mechanisms based on individual capabilities and reviewing remuneration and promotion policies are some of the aspects that are frequently addressed.

- Have 32% women in significant positions
- Have 35% of leadership positions filled by women
- Have 35% women trained in electrician schools
- Hire 12% women for electrician positions.
- Have 25% Black and mixed-race individuals in leadership positions

**Local communities and vulnerable customers**

Neoenergia is committed to actively driving the development of the communities where it operates, as well as managing the social, economic and environmental impacts of its operations. The company prioritizes vulnerable customers, recognizing that access to electricity is essential for community development and improving people's living standards. The social and economic environment in which group companies operate and their relationship with local communities are key concerns, in which establishing effective communication and meeting the needs of these stakeholders is essential for enhancing engagement and building relationships between the parties.

- Expand corporate volunteering to 2,600 participants (compared to 2,000 in 2021).

**Customer satisfaction, efficiency and reliability**

Customer satisfaction, achieved through closer and ongoing relationships and providing high quality service at fair rates, results in customer loyalty and positive financial impacts for the company. Building close relationships with customers and maintaining high levels of customer satisfaction, through increasingly simple, effective, and digital processes, remains the cornerstone of Neoenergia's strategy. Group companies serve a generation of consumers who expect more than just quality products and services. They want to have an active voice within companies, experience wowing interactions, and easily find solutions to their questions and concerns. Economic and reputational impacts on the company are managed through investments in improving services, automating networks, digitization, efficiency, and reliability, all of which contribute to reducing fines resulting from power outages and customer complaints. Smart grids provide insights into consumption habits and enable the company to design infrastructure and projects that support better quality of service.

- Achieve 90% digitized networks

**Responsible supply chain**

Supply chains can have a range of direct and indirect environmental, economic, and social impacts, including on human rights. Therefore, it is essential that the company extend its commitments to suppliers, including by designing contractual clauses and systems for monitoring social and environmental aspects. Monitoring and screening practices enable us to align the supply chain with the company's business strategy.

- Have over 85% of relevant suppliers classified as sustainable

**Governance topics****Ethics, integrity and transparency**

Corruption is a crucial issue for society, leading companies to develop anti-corruption policies and guidelines to mitigate corruption risks. Ensuring high standards of ethics, compliance, and transparency is the path to excellence. Ethics is one of Neoenergia's core values, and zero tolerance for corruption is an integral part of its business practices in order to prevent economic, environmental, and social impacts resulting in fines, reputational damage, and damage to the environment and people.

- Link 33% of variable compensation to ESG performance.
- Uphold best practices in corporate governance.

**Economic and financial topics****Economic performance and sustainable financing**

The global rise in inflation has driven up interest rates and created significant fluctuations in commodity prices, requiring companies to maintain constant control and develop management systems that incorporate measures to anticipate and mitigate economic impacts. This topic also involves raising sustainable finance linked to social and environmental performance clauses, and engaging in socially responsible investments.

- Annually review and update the company's green financing framework.

**Innovation, digitization and cybersecurity**

Innovation, research, and development are essential for the power sector to achieve its goal of delivering clean and affordable energy. This includes research and development in areas such as electric mobility, microgrids, energy storage, etc. Increasing connectivity and digitization is also crucial in that it creates opportunities for new business models, better customer service, and improved efficiency. With the rise of telecommuting amid the Covid-19 pandemic, and as businesses continue to digitize their processes, cybersecurity has become increasingly important. A plethora of risks and potential impacts are requiring companies to take action and develop strategies to avoid cyber-attacks on their equipment and systems.

- Target under development



## 6.4 GRI Content Index

Statement of use	Neoenergia has reported in accordance with the GRI Standards for the period of January 1 to December 31, 2022.
GRI 1 used	GRI 1 – Foundation 2021
Applicable GRI Sector Standard(s)	<i>Electric Utilities (EU) G4</i>

GRI Standard	Disclosure	Location	Omissions	GRI sector	Global Compact	SDG
<b>General disclosures</b>						
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	16, 27, 31, 273	-	-	-	-
	2-2 Entities included in the organization's sustainability reporting	239	-	-	-	-
	2-3 Reporting period, frequency and contact point	238, 258	-	-	-	-
	2-4 Restatements of information	181, 184, 203, 263	-	-	-	-
	2-5 External assurance	2, 238	-	-	-	-
<b>GRI Sector</b>	EU1 Installed capacity, broken down by primary energy source and by regulatory regime	17, 25	-	EU1	-	7.2
	EU2 Net energy output broken down by primary energy source and by regulatory regime	26	-	EU2	-	7.2, 14.3
	EU3 Number of residential, industrial, institutional and commercial customer accounts	26	-	EU3	-	-
	EU4 Length of above and underground transmission and distribution lines by regulatory regime	26	-	EU4	-	-
	EU5 Allocation of CO <sub>2</sub> e emissions allowances or equivalent, broken down by carbon trading framework	None sold	-	EU5	-	13.1, 14.3, 15.2
<b>GRI 2: General Disclosures 2021</b>	2-6 Activities, value chain and other business relationships	17, 28, 216, 239, 240	-	-	-	-
	2-7 Employees	108, 109, 264, 265, 266	-	-	-	8.5, 10-3
	2-8 Workers who are not employees	108, 109	-	-	-	8.5
	2-9 Governance structure and composition	28	-	-	-	5.5, 16.7
	2-10 Nomination and selection of the highest governance body	28, 192	-	-	-	5.5, 16.7
	2-11 Chair of the highest governance body	28	-	-	-	16.6
	2-12 Role of the highest governance body in overseeing the management of impacts	15, 33, 28, 193	-	-	-	16.7
	2-13 Delegation of responsibility for managing impacts	194	-	-	-	-
	2-14 Role of the highest governance body in sustainability reporting	238	-	-	-	-
	2-15 Conflicts of interest	30, 201	-	-	-	16.6
	2-16 Communication of critical concerns	194	-	-	-	-
	2-17 Collective knowledge of the highest governance body	43, 193	-	-	-	-
	2-18 Evaluation of the performance of the highest governance body	28, 1293	-	-	-	-
	2-19 Remuneration policies	194	-	-	-	-
	2-20 Process to determine remuneration	195	-	-	-	-
	2-21 Annual total compensation ratio	195	-	-	-	-





	2-22 Statement on sustainable development strategy	8	-	-	-
	2-23 Policy commitments	15, 30, 33, 34, 72, 75, 98, 175, 204	-	10	16.3
	2-24 Embedding policy commitments	40	-	-	-
	2-25 Processes to remediate negative impacts	22, 36, 40	-	-	-
	2-26 Mechanisms for seeking advice and raising concerns	196, 199	-	-	16.3
	2-27 Compliance with laws and regulations	105, 215	-	-	16.3
	2-28 Membership associations	223	-	-	-
	2-29 Approach to stakeholder engagement	155, 206, 208, 209, 210	-	-	-
	2-30 Collective bargaining agreements	115	-	3	8.8
<b>Material topics</b>					
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	241	-	-	-
	3-2 List of material topics	242, 243	-	-	-
<b>Economic performance</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	48, 224, 244	-	-	-
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	226, 261	-	-	8.1, 8.2, 9.1, 9.4, 9.5
	201-2 Financial implications and other risks and opportunities due to climate change	48, 53	-	7	13.1
	201-3 Defined benefit plan obligations and other retirement plans	116	-	-	-
	201-4 Financial assistance received from government	226	-	-	-
<b>Indirect economic impacts</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	171, 175, 178, 245	-	-	-
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1 Infrastructure investments and services supported	166, 171, 175, 176, 179, 181, 183, 185	-	-	5.4, 9.1, 9.4, 11.2
	203-2 Significant indirect economic impacts	178	-	-	1.2, 1.4, 3.8, 8.2, 8.3, 8.5
<b>Procurement Practices</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	217, 246	-	-	-
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	217	-	-	8.3
<b>Anti-corruption</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	196, 198, 246	-	-	-
<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	199, 222	-	10	16.5
	205-2 Communication and training about anti-corruption policies and procedures	202	-	10	16.5
	205-3 Confirmed incidents of corruption and actions taken	200	-	10	16.5
<b>Anti-competitive behavior</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	205, 246	-	-	-
<b>GRI 206: Anti-competitive Behavior 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	205	-	-	16.3
<b>Tax</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	211, 246	-	-	-
<b>GRI 207: Tax 2019</b>	207-1 Approach to tax	211	-	-	1.1, 1.3, 10.4, 17.1, 17.3
	207-2 Tax governance, control, and risk management	211	-	-	-
	207-3 Stakeholder engagement and management of concerns related to tax	211	-	-	-



	207-4 Relato país-a-país	213	-	-	-	-
<b>GRI sector: Availability and Reliability</b>						
<b>Management approach</b>	EX-EU6 Management approach to ensure short and long-term electricity availability and reliability	40	-	ex-EU6	-	7.1
<b>Availability and Reliability</b>	EU10 Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime	55	-	EU10	-	7.1
<b>GRI sector: Demand-Side Management</b>						
<b>Management approach</b>	EX-EU7 Demand-side management programs including residential, commercial, institutional and industrial programs	163	-	ex-EU7	-	7.3, 8.4, 12.2, 13.1
<b>GRI sector: Research and Development</b>						
<b>Management approach</b>	EX-EU8 Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	137	-	ex-EU8	-	7.2, 7a, 7b, 9.4, 9.5, 17.7
<b>GRI sector: Plant Decommissioning</b>						
<b>Management approach</b>	EX-EU9 Provisions for decommissioning of nuclear power sites	Not applicable. Neoenergia does not operate nuclear generation facilities	-	ex-EU9	-	12.4
<b>GRI sector: System Efficiency</b>						
<b>System Efficiency</b>	EU11 average generation efficiency of thermal plants by energy source and by regulatory regime	89	-	EU11	-	7.3, 8.4, 12.2, 13.1, 14.3
	EU12 transmission and distribution losses as a percentage of total energy	88, 89	-	EU12	-	-
<b>Energy</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	87, 244	-	-	-	-
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	87	-	-	7, 8	7.2, 7.3, 8.4, 12.2, 13.1
	302-2 Energy consumption outside of the organization	90	-	-	8	7.2, 7.3, 8.4, 12.2, 13.1
	302-4 Reduction of energy consumption	89, 90	-	-	8, 9	7.3, 8.4, 12.2, 13.1
	302-5 Reductions in energy requirements of products and services	90, 163	-	-	8, 9	7.3, 8.4, 12.2, 13.1
<b>Biodiversity</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	95, 245	-	-	-	-
<b>GRI 304: Biodiversity 2016</b>	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	100	-	-	8	6.6, 14.2, 15.1, 15.5
	304-2 Significant impacts of activities, products and services on biodiversity	96	-	-	8	6.6, 14.2, 15.1, 15.5
	304-3 Habitats protected or restored	101	-	-	8	6.6, 14.2, 15.1, 15.5
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	100, 263	-	-	8	6.6, 14.2, 15.1, 15.5
<b>GRI sector</b>	EU13 biodiversity of offset habitats compared to the biodiversity of the affected areas	101	-	EU13	8	6.6, 9.5, 14.2, 15.1, 15.4, 15.5
<b>Emissions</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	41, 76, 244	-	-	-	-
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	77, 78, 263	-	-	7, 8	3.9, 12.4, 13.1, 14.3, 15.2
	305-2 Energy indirect (Scope 2) GHG emissions	77, 78	-	-	7, 8	3.9, 12.4, 13.1, 14.3, 15.2
	305-3 Other indirect (Scope 3) GHG emissions	77, 79	-	-	7, 8	3.9, 12.4, 13.1, 14.3, 15.2



	305-4 GHG emissions intensity	80	-	-	7, 8	13.1, 14.3, 15.2
	305-5 Reduction of GHG emissions	80	-	-	7, 8	3.9, 12.4
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	81, 263	-	-	7, 8	3.9, 12.4, 13.1, 14.3, 15.2
<b>Supplier environmental assessment</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	220, 246	-	-	-	-
<b>GRI 308: Supplier environmental assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	218	-	-	8	-
	308-2 Negative environmental impacts in the supply chain and actions taken	220	-	-	8	-
<b>Occupational health and safety</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	124, 245	-	-	-	-
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	125	-	-	-	8.8
	403-2 Hazard identification, risk assessment, and incident investigation	126	-	-	-	8.8
	403-3 Occupational health services	127	-	-	-	8.8
	403-4 Worker participation, consultation, and communication on occupational health and safety	128	-	-	-	8.8, 16.7
	403-5 Worker training on occupational health and safety	128	-	-	-	8.8
	403-6 Promotion of worker health	129	-	-	-	3.3, 3.5, 3.7, 3.8
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	127	-	-	-	8.8
	403-8 Workers covered by an occupational health and safety management system	125, 126	-	-	-	8.8
	403-9 Work-related injuries	130, 131	-	-	-	3.6, 3.9, 8.8, 16.1
	403-10 Work-related ill health	131	-	-	-	3.3, 3.4, 3.9, 8.8, 16.1
<b>GRI sector</b>	EX-EU16 Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors	124	-	ex-EU16	-	8.8
	EU18 Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	266	-	EU18	-	8.8
<b>Training and education</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	132, 245	-	-	-	-
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	135	-	-	6	4.3, 4.4, 4.5, 5.1, 8.2, 8.5, 10.3
	404-2 Programs for upgrading employee skills and transition assistance programs	132	-	-	6	8.2, 8.5
	404-3 Percentage of employees receiving regular performance and career development reviews	136	-	-	6	5.1, 8.5, 10.3
<b>Diversity and equal opportunity</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	117, 245	-	-	-	-
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	30, 110, 121	-	-	6	5.1, 5.5, 8.5
	405-2 Ratio of basic salary and remuneration of women to men	123	-	-	6	5.1, 8.5, 10.3
<b>Non-discrimination</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	117, 245	-	-	-	-
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	170	-	-	6	5.1, 8.8



<b>Child labor</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	168, 246	-	-	-	-	-
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	168, 220, 221	-	-	5	5.2, 8.7, 16.2	
<b>Forced or compulsory labor</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	168, 246	-	-	-	-	-
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	168, 220, 221	-	-	4	5.2, 8.7	
<b>Human right assessment</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	168, 174	-	-	-	-	-
<b>GRI 412 - Human right assessment 2016</b>	412-2 Employee training on human rights policies or procedures	174	-	-	1	-	
<b>Local communities</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	175, 177, 245	-	-	-	-	-
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	177, 181, 183, 185	-	-	1	-	
	413-2 Operations with significant actual and potential negative impacts on local communities	177	-	-	1	1.4, 2.3	
<b>GRI Sector</b>	EX-EU19 Stakeholder participation in the decision making process related to energy planning and infrastructure development	99	-	ex-EU19	-	1.4, 2.3, 9.1, 9a, 16.7	
	EX-EU20 Approach to managing the impacts of displacement	180	-	ex-EU20	-	1.4, 2.3, 11.4	
	EU22 Number of people physically or economically displaced and compensation, broken down by type of project	180	-	EU22	-	1.4, 2.3	
<b>Disaster/Emergency Planning and Response</b>							
<b>GRI sector: Disaster/Emergency Planning and Response</b>	EX-EU21 Contingency planning measures, disaster/emergency management plan and training programs, and recovery/ restoration plans	40	-	ex-EU21	-	1.5, 11.5	
<b>Supplier Social Assessment</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	220, 246	-	-	-	-	-
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	218	-	-	2	5.2, 8.8, 16.1	
	414-2 Negative social impacts in the supply chain and actions taken	220	-	-	2	5.2, 8.8, 16.1	
<b>Public policy</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	203, 204, 251	-	-	-	-	-
<b>GRI 415: Public Policy 2016</b>	415-1 Political contributions	204	-	-	10	16.5	
<b>Customer health and safety</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	157, 159, 245	-	-	-	-	-
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	157	-	-	-	-	-
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	157, 269	-	-	-	16.3	
<b>GRI sector</b>	EU25 Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases	159, 269	-	EU25	-	-	
<b>Marketing and labeling</b>							
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	157, 246	-	-	-	-	-
<b>GRI 417: Marketing and Labeling 2016</b>	417-1 Requirements for product and service information and labeling	157	-	-	-	12.8	



	417-2 Incidents of non-compliance concerning product and service information and labeling	157, 269	-	-	-	16.3
	417-3 Incidents of non-compliance concerning marketing communications	156	-	-	-	16.3
<b>Customer privacy</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	214, 246	-	-	-	-
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	215	-	-	-	16.1, 16.3
<b>Access</b>						
<b>GRI sector: Access</b>	EX-EU23 Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services	161, 162	-	ex-EU23	-	1.4, 7.1
	EX-EU24 Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services	159	-	ex-EU24	-	1.4, 7.1
	EU26 Percentage of population unserved in licensed distribution or service areas	161	-	EU26	-	1.4, 7.1
	EU27 Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime	269	-	EU27	-	1.4, 7.1
	EU28 Power outage frequency	154	-	EU28	-	1.4, 7.1
	EU29 Average power outage duration	155	-	EU29	-	1.4, 7.1
	EU30 average plant availability factor by energy source and by regulatory regime	57	-	EU30	-	1.4, 7.1

GRI Standard	Disclosure	Location	Omission	GRI sector	Global Compact	SDG
<b>Additional GRI disclosures</b>						
Topics not included in the materiality matrix, but which Neoenergia has elected to report on as a requirement for certain sustainability index						
<b>Market presence</b>						
<b>GRI 202: Market Presence 2016</b>	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	123, 262	-	-	6	1.2, 5.1, 8.5
	202-2 Proportion of senior management hired from the local community	109	-	-	6	8.5
<b>Materials</b>						
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	84	-	-	-	8.4, 12.2
<b>Water and effluents</b>						
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	83	-	-	-	6.3, 6.4, 6A, 6B, 12.4
	303-2 Management of water discharge-related impacts	83	-	-	-	6.3
	303-3 Water withdrawal	85, 263	-	-	-	6.4
	303-4 Water discharge	85	-	-	-	6.3
	303-5 Water consumption	85, 86	-	-	-	6.4
<b>Waste</b>						
	306-1 Waste generation and significant waste-related impacts	91	-	-	-	3.9, 6.3, 6.6, 11.6, 12.4, 12.5
	306-2 Management of significant waste-related impacts	91	-	-	-	3.9, 6.3, 8.4, 11.6, 12.4, 12.5
<b>GRI 306: Waste 2020</b>	306-3 Waste generated	93	-	-	-	3.9, 6.6, 11.6, 12.4, 12.5, 15.1
	306-4 Waste diverted from disposal	93	-	-	-	3.9, 11.6, 12.4, 12.5
	306-5 Waste directed to disposal	94	-	-	-	3.9, 11.6, 12.4, 12.5



Employment						
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	111, 113, 114, 265,	-	-	6	5.1, 8.5, 8.6, 10.3
	401-3 Parental leave	122	-	-	6	5.1, 5.4, 8.5
<b>GRI sector</b>	Ex-EU14 Programs and processes to ensure the availability of a skilled workforce	132	-	Ex-EU14	-	4.4, 8.5
	EU15 Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	113	-	EU15	-	8.5
Labor/Management Relations						
<b>GRI 402: Labor/Management Relations 2016</b>	402-1 Minimum notice periods regarding operational changes	115	-	-	3	8.8
Freedom of association and collective bargaining						
<b>GRI 407: Freedom of association and collective bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	168, 220, 221	-	-	3	8.8
Security practices						
<b>GRI 410: Security Practices 2016</b>	410-1 Security personnel trained in human rights policies or procedures	174	-	-	1	16.1
Rights of indigenous peoples						
<b>GRI 411: Rights of Indigenous Peoples 2016</b>	411-1 Incidents of violations involving rights of indigenous peoples	170	-	-	1	2.3

## Independent external assurance

### GRI 2-5

Neoenergia engages audits of its annual information, both financial information and management reports (individual and consolidated with those of its subsidiaries). Non-financial information is assured by KPMG Auditores. The External Independent Assurance Report is included at the beginning of this document.

## Sector standards for companies in the power sector

This index includes topics and disclosures required by the G4 GRI Electric Utilities Sector Supplement published in 2014. The EU designation indicates the general standard disclosures and aspects of the GRI Standards where sector-specific information is requested.



## 6.5 SASB

### Sustainability Accounting Standards Board (SASB) Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Accounting metric	Page
Greenhouse Gas Emissions & Energy Resource Planning	IF-EU-110a.1	(1) Gross global Scope 1 emissions (tCO <sub>2</sub> e)	77, 78
	IF-EU-110a.1	(2) Percentage covered under emissions-limiting regulation	77, 78
	IF-EU-110a.1	(3) Percentage covered under emissions-reporting regulations	77, 78
	IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries	78
	IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	76
	IF-EU-110a.4	(1) Number of customers served in markets subject to renewable portfolio standards (RPS)	NA
	IF-EU-110a.4	(2) Percentage fulfillment of RPS target by market	NA
Air Quality	Air emissions of the following pollutants in or near areas of dense population		
	IF-EU-120a.1	(1) NO <sub>x</sub> , excluding N <sub>2</sub> O (t e %)	81
	IF-EU-120a.1	(2) SO <sub>x</sub> (t e %)	81
	IF-EU-120a.1	(3) Particulate matter – PM10 (t e %)	81
	IF-EU-120a.1	(4) Lead (Pb) (t e %)	NA
	IF-EU-120a.1	(5) Mercury (Hg) (t e %)	NA
Water Management	IF-EU-140a.1	(1) Total water withdrawn (thousand cubic meters – m <sup>3</sup> )	85
	IF-EU-140a.1	(2) Total water consumed (thousand cubic meters – m <sup>3</sup> ) , percentage of each in regions with High or Extremely High Baseline Water Stress (%)	85
	IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	84
	IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	83
Coal Ash Management	IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated (ton), percentage recycled (%)	Neoenergia does not operate coal power plants
	IF-EU-150a.2	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	
Energy Affordability	IF-EU-240a.1	Average retail electric rate for (1) residential customers	262
	IF-EU-240a.1	Average retail electric rate for (2) commercial customers	262
	IF-EU-240a.1	Average retail electric rate for (3) industrial customers	262
	IF-EU-240a.2	Typical monthly electric bill for residential customers for (1) 500 kWh (R\$) of electricity delivered per month (R\$)	262
	IF-EU-240a.2	Typical monthly electric bill for residential customers for (2) 1.000 kWh of electricity delivered per month (R\$)	262
	IF-EU-240a.3	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days	98%
	IF-EU-240a.4	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	22
Workforce Health & Safety	IF-EU-320a.1	(1) Total recordable incident rate (TRIR) %	130
	IF-EU-320a.1	(2) Tatality rate, %	130
	IF-EU-320a.1	(3) Near miss frequency rate (NMFR) %	130
End-Use Efficiency & Demand	IF-EU-420a.1	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	Tariff structures are not applicable in Brazil
	IF-EU-420a.2	Percentage of electric load served by smart grid technology (%/MWh)	55
	IF-EU-420a.3	Customer electricity savings from efficiency measures, by market	90
Nuclear Safety & Emergency Management	IF-EU-540a.1	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	Neoenergia does not operate nuclear power plants
	IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness	





Grid Resiliency	IF-EU-550a.1	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	215
	IF-EU-550a.2	(1) System Average Interruption Duration Index (SAIDI) – in Brazil, DEC, in hours	155
	IF-EU-550a.2	(2) System Average Interruption Frequency Index (SAIFI) _ in Brazil, FEC, in times	154
	IF-EU-550a.2	(3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	-

## Activity Metrics

Code	Activity metric	Page
IF-EU-000.A	Number of: (1) residential, (2) commercial, and (3) industrial customers served	26
IF-EU-000.B	Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers, and (5) wholesale customers	262
IF-EU-000.C	Length of transmission and distribution lines (km)	26
IF-EU-000.D	Total electricity generated, percentage by major energy source, percentage in regulated markets	26
IF-EU-000.E	Total wholesale electricity purchased (MWh)	The group operates in multiple markets, where it engages in activities such as power generation, trading in regulated markets, trading in liberalized markets and electricity purchase and sale transactions in spot and forward markets. For this reason, this disclosure is not considered to describe any significant aspect related to the evolution of the business.

## 6.6 UN Global Compact contents index

The table below shows the connection between the GRI disclosures of this report and the 10 Global Compact Principles, as well as management approach disclosures for each GRI aspect. Using the table’s index, each stakeholder can assess the level of Neoenergia’s advancement with respect to each of these principles:

### UN Global Compact contents index

Topic	Principles of the Global Compact	GRI Indicators more relevant	SDG
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	410-1, 412-2, 413-1, 413-2	16.1, 1.4, 2.3
	Principle 2: Businesses make sure that they are not complicit in human rights abuses	414-2	5.2, 8.8, 16.1
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	2-30, 407-1, 402-1	8.8
	Principle 4: Businesses should support the elimination of all forms of forced and compulsory	409-1	5.2, 8.7
	Principle 5: Businesses should support the effective abolition of child labour	408-1	5.2, 8.7, 16.2
	Principle 6: Businesses should support the elimination of discrimination in respect of employment and occupation	2-7, 2-8, 202-1, 401-1, 401-3, 404-1, 404-3, 405-2, 406-1	1.2, 3.2, 5.1, 5.4, 8.2, 8.5, 8.6, 8.8, 10.3,



Environment	Principle 7: Businesses should undertake initiatives to promote greater environmental responsibility	201-2, 301-1, 302-1, 303-1, 305-1 a 305-3, 305-7	3.9, 8.4, 12.2, 12.4, 12.5, 13.1, 14.3, 15.2
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	301-1 a 307-1, 308-2	3.9, 6.3, 6.4, 6.6, 7.2, 7.3, 8.4, 9.5, 12.2, 12.4, 12.5, 13.1, 14.2, 14.3, 15.1, 15.2, 15.5,
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	302-4, 302-5, 305-5	3.9, 7.3, 8.4, 12.2, 12.4, 13.1, 14.3, 15.2
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	2-23, 2-24, 205-2, 205-3, 415-1	16.3, 16.5

## 6.7 Contact point for matters related to this report

### GRI 2-3

Any questions related to this report can be submitted to Neoenergia's Innovation, Sustainability and Climate Change department by email to: [sustentabilidade@neoenergia.com](mailto:sustentabilidade@neoenergia.com)



# 7. Appendixes



## 7.1 Supplementary information

### ABNT NBR STANDARD CERTIFICATIONS

Certification	Company	Scope	Expires
ISO 37001:2016	Neoenergia	Anti-bribery Management System	02/01/2023
ISO 10002:2018	Neoenergia Coelba Neoenergia Pernambuco Neoenergia Elektro Neoenergia Cosern Neoenergia Brasília	Complaint and claim management	12/17/2025
ISO 14001:2015	Neoenergia Elektro	Construction, maintenance and operation of electric grids; power distribution	12/03/2025
ISO 14001:2015	Neoenergia Pernambuco	Administrative activities at the distributor's head offices; support for the Tubarão thermal power plant.	12/02/2025
ISO 9001:2015	Neoenergia Coelba Neoenergia Pernambuco Neoenergia Elektro Neoenergia Cosern Neoenergia Brasília	Management of data collection on service entrances; collection and processing of individual and collective data on the power grid; data collection and generation to produce quality of telephone service indicators; management of Ombudsman complaints; management of complaint tickets; Handling of customer complaints; calibration of power meters; Metering, data collection, indicator reporting and compensation related to steady-state voltage.	Neoenergia Brasília: 11/16/2025 Neoenergia Coelba: 12/01/2025 Neoenergia Pernambuco and Neoenergia Elektro: 12/03/2025 Neoenergia Cosern: 01/21/2026
ISO 9001:2015	Neoenergia Transmissão	Provision of remote operation and maintenance management services for substations and transmission lines.	12/07/2025
ISO 45001:2018	Neoenergia Transmissão	Administrative activities at the transmission operations center involving EKOM/Campinas networks, and regional maintenance of the Fernão Dias/Atibaia/SP substation	01/26/2026
ISO 9001:2015	Termopernambuco	Natural gas-fired power generation.	05/16/2024
ISO 14001:2015	Termopernambuco	Natural gas-fired power generation.	05/20/2024
ISO 45001:2018			
ISO 9001:2015	Neoenergia Renováveis S.A.	Operation of renewable generation facilities in Brazil (wind and solar)	05/30/2024
ISO 14001:2015	Neoenergia Renováveis S.A.	Operation and maintenance of onshore wind farms in Brazil	12/16/2025
ISO 45001: 2018	Neoenergia Renováveis S.A.	Operation and maintenance of onshore wind farms in Brazil	03/11/2024
ISO 55001	Itapebi Dam	Operation and maintenance of power generation facilities	Dec '25



ISO 9001:2015 ISO 14001:2015 ISO 45001:2018	Teles Pires Dam	Plant operation and maintenance	02/02/2024
	Itapebi Dam	Plant operation and maintenance	06/21/2025
	Corumbá Dam	Plant operation and maintenance	06/21/2025
	Dardanelos Dam	Plant operation and maintenance	06/21/2025
	Baixo Iguaçu Dam	Plant operation and maintenance	06/21/2025
	Baguari Dam	Plant operation and maintenance	06/21/2025

## Economic dimension

The main figures relating to turnover, value of assets and liabilities and composition of consolidated property, plant and equipment can be seen in the Financial Statements 2022.

### DIRECT ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED (R\$ MILLION)

#### GRI 201-1

	2022	2021	2020
Revenue (sales and other income)	60,467	58,818	44,523
Operating costs	31,515	33,612	25,587
Employee remuneration (excluding company social security costs)	1,797	1,606	1,304
Payments to providers of capital	10,547	6,735	8,083
Payments to government administrations	16,189	15,785	11,983
Investments for the benefit of communities (verified according to the B4SI framework) <sup>1</sup>	26,451	19,361	74,723
Economic value retained	3,534	2,952	2,063

<sup>1</sup> B4SI (Business for Societal Impact) framework, which establishes an approach for measuring and benchmarking social impact.

### CONSOLIDATED INCOME BEFORE TAXES (R\$ MILLION)

	2022	2021	2020
Total	5,539	5,589	3,848

### INCIDENTS RELATED TO IT INFRASTRUCTURE (No.)

#### SASB IF-EU-550a.1

	2022
Incidents involving IT infrastructure	0
Financial impact from incidents involving IT infrastructure	0

### AVERAGE RETAIL ELECTRIC RATE IN REGULATED MARKETS (R\$/kWh)

#### SASB IF-EU-240a.1

	2022	2021	2020
Residential	0.60	0.54	NA
Industrial	0.61	0.54	NA
Commercial	0.65	0.58	NA

NA: Not available



**AVERAGE RETAIL ELECTRIC RATE FOR RESIDENTIAL CUSTOMERS (R\$)**

**SASB IF-EU-240a.2**

	2022	2021	2020
500 kW/h	500	500	NA
1,000 kW/h	1000	1000	NA

NA: Not available

**TOTAL ELECTRICITY SUPPLIED (MWh)**

**SASB IF-EU-000.B**

	2022	2021	2020
Residential Customers	22,749,235	22,713,958	NA
Commercial customers	14,770,241	12,149,668	NA
Industrial customers	21,905,757	17,752,399	NA
Other retail customers	13,158,733	13,639,961	NA
Wholesale customers	3,178,264	0	NA
<b>Total</b>	<b>75,762,230</b>	<b>66,255,986</b>	<b>NA</b>

NA: Not available.

Data for 2021 and 2022 have been consolidated across distribution and trading companies.

**RATIO OF THE ENTRY LEVEL WAGE BY GENDER TO THE MINIMUM WAGE (%)**

**GRI 202-1 | SDG 1.2, 5.1, 8.5 | PG6**

	2022
Ratio of entry-level wage to local minimum wage – Men	124.0
Ratio of entry-level wage to local minimum wage – Women	124.0

**LEGAL PROCEEDINGS FOR CORRUPTION (No.)**

**GRI 2-27 | SDG 16.5**

	2022	2021	2020
Number of legal proceedings for corruption brought in the year	0	0	0

**INCIDENTS OF CORRUPTION INVOLVING SUPPLIERS (No.)**

**GRI 205-3 | SDG 16.5**

	2022	2021	2020
Number of confirmed incidents where contracts with business partners were terminated	0	0	0

**FUEL PURCHASES IN COUNTRIES AT RISK FOR CORRUPTION (R\$ THOUSAND)**

**GRI 205-1**

	2022	2021	2020
Volume of fuels purchased in countries identified as being at high risk for corruption (R\$ thousand) <sup>1</sup>	76,148	36	NA

<sup>1</sup> The total spent on fuel for fixed and moving sources is being reported. In 2021 this disclosure included only fixed sources. Fuels are entirely purchased within Brazil, which is considered a country at high risk for corruption by Transparency International, as ranked in its *Corruption Perception Index 2022*. **GRI 2-4**



## Environmental dimension

### WATER WITHDRAWAL – THERMAL GENERATION (hm<sup>3</sup>)

GRI 303-3 | SDG 6.4

Total withdrawal	Withdrawal				Discharge	
	Water withdrawal at offices	Water withdrawal for auxiliary utilities	Water withdrawal for cooling	Evaporation of water used for cooling	Water discharge	
39,958	83	56	39,820	0	39,820	

Water withdrawal at combined-cycle thermal generation facilities.

### IUCN RED LIST SPECIES AND NATIONAL CONSERVATION LIST SPECIES

GRI 304-4 | SDG 6.6, 14.2, 15.1, 15.5

#### IUCN Red List Classification

Critically endangered (CE)	Endangered (EN)	Vulnerable (VU)	Near threatened (NT)	Least concern (LC)
4	19	42	32	824

### GREENHOUSE GAS EMISSIONS FROM PRODUCTION FACILITIES (SCOPE 1) – tCO<sub>2</sub>e

GRI 305-1 | SDG 3.9, 12.4, 13.1, 14.3, 15.2

	2022	2021	2020
Thermal power plant <sup>1</sup>	19,337	921,137	699,722

<sup>1</sup> Emissions decreased due to Termopernambuco not being operated commercially in 2022.

### NO<sub>x</sub>, SO<sub>2</sub> AND OTHER SIGNIFICANT AIR EMISSIONS

GRI 305-7 | SDG 3.9, 12.4, 14.3, 15.2

	2022	2021	2020
Emissions of NO <sub>x</sub> (t) from generation plants <sup>1</sup>	2	194	141
Emissions of sulfur dioxide (SO <sub>2</sub> ) (t) from generation and co-generation plants	0	10	4
Particulate emissions (t) from generation and co-generation plants	0	0	0

<sup>1</sup> Emissions decreased due to Termopernambuco not being operated commercially in 2022.

### NUMBER OF ENVIRONMENTAL VIOLATIONS EXCEEDING US\$ 10,000

GRI 2-27 | SDG 16.3

	2022	2021	2020
Number of environmental violations exceeding US\$ 10,000 (no.) <sup>1</sup>	1	3	4
Number of fines/penalties exceeding US\$ 10,000 in the year (no.)	2,510,500	7,417,073	886,600
Cumulative environmental liability at year-end	2,510,500	7,417,073	886,600

<sup>1</sup> Neoenergia incurred a single fine in May 2022, in the amount of R\$2,510,500.00. The case is currently pending a reconciliation hearing at the regulator and the company will subsequently submit an appeal if necessary.





## Social dimension

### WORKFORCE BY EMPLOYMENT TYPE, GENDER AND AGE AT YEAR END (No.)

GRI 2-7 | SDG 8.5, 10-3

	Full time			Part time		
	2022	2021	2020	2022	2021	2020
<b>Men</b>	<b>12,053</b>	<b>11,481</b>	<b>9,396</b>	<b>396</b>	<b>873</b>	<b>1,144</b>
Up to 30	2,841	2,996	2,601	82	159	243
31 to 50	8,492	7,769	6,104	283	666	837
Over 51	720	716	691	31	48	64
<b>Women</b>	<b>2,777</b>	<b>2,501</b>	<b>2,074</b>	<b>180</b>	<b>203</b>	<b>200</b>
Up to 30	908	804	653	53	62	62
31 to 50	1,761	1,587	1,316	103	119	119
Over 51	108	110	105	24	22	19
<b>Total</b>	<b>14,830</b>	<b>13,982</b>	<b>11,470</b>	<b>576</b>	<b>1,076</b>	<b>1,344</b>
Up to 30	3,749	3,800	3,254	135	221	305
31 to 50	10,253	9,356	7,420	386	785	956
Over 51	828	826	796	55	70	83

### WORKFORCE BY EMPLOYMENT CONTRACT, GENDER AND EMPLOYMENT TYPE (No.)

GRI 2-7 | SDG 8.5, 10-3

	Permanent			Temporary		
	2022	2021	2020	2022	2021	2020
<b>Men</b>	<b>12,447</b>	<b>12,343</b>	<b>10,537</b>	<b>2</b>	<b>11</b>	<b>3</b>
Leadership	289	286	254	0	0	0
Skilled technicians	2,027	1,868	1,707	0	1	1
Support staff and teams	10,131	10,189	8,576	2	10	2
<b>Women</b>	<b>2,957</b>	<b>2,702</b>	<b>2,272</b>	<b>0</b>	<b>2</b>	<b>2</b>
Leadership	117	102	97	0	0	0
Skilled technicians	1,454	1,301	1,193	0	0	1
Support staff and teams	1,386	1,299	982	0	2	1
<b>Total</b>	<b>15,404</b>	<b>15,045</b>	<b>12,809</b>	<b>2</b>	<b>13</b>	<b>5</b>
Leadership	406	388	351	0	0	0
Skilled technicians	3,481	3,169	2,900	0	1	2
Support staff and teams	11,517	11,488	9,558	2	12	3



**WORKFORCE BY CONTRACT TYPE, GENDER AND AGE GROUP (No.)**  
**GRI 2-7 | SDG 8.5, 10-3**

	Permanent			Temporary		
	2022	2021	2020	2022	2021	2020
<b>Men</b>	<b>12,447</b>	<b>12,343</b>	<b>10,537</b>	<b>2</b>	<b>11</b>	<b>3</b>
Up to 30	2,922	3,149	2,842	1	6	2
31 to 50	8,774	8,430	6,940	1	5	1
Over 51	751	764	755	0	0	0
<b>Women</b>	<b>2,957</b>	<b>2,702</b>	<b>2,272</b>	<b>0</b>	<b>2</b>	<b>2</b>
Up to 30	961	864	713	0	2	2
31 to 50	1,864	1,706	1,435	0	0	0
Over 51	132	132	124	0	0	0
<b>Total</b>	<b>15,404</b>	<b>15,045</b>	<b>12,809</b>	<b>2</b>	<b>13</b>	<b>5</b>
Up to 30	3,883	4,013	3,555	1	8	4
31 to 50	10,638	10,136	8,375	1	5	1
Over 51	883	896	879	0	0	0

**WORKFORCE BY EMPLOYMENT TYPE, GENDER AND EMPLOYEE CATEGORY (No.)**  
**GRI 2-7 | SDG 8.5, 10-3**

	Full time			Part time <sup>1</sup>		
	2022	2021	2020	2022	2021	2020
<b>Men</b>	<b>12,053</b>	<b>11,481</b>	<b>9,396</b>	<b>396</b>	<b>873</b>	<b>1,144</b>
Leadership	289	286	254	0	0	0
Skilled technicians	2,024	1,856	1,695	3	13	13
Support staff and teams	9,740	9,339	7,447	393	860	1,131
<b>Women</b>	<b>2,777</b>	<b>2,501</b>	<b>2,074</b>	<b>180</b>	<b>203</b>	<b>200</b>
Leadership	117	102	97	0	0	0
Skilled technicians	1,448	1,297	1,189	6	4	5
Support staff and teams	1,212	1,102	788	174	199	195
<b>Total</b>	<b>14,830</b>	<b>13,982</b>	<b>11,470</b>	<b>576</b>	<b>1,076</b>	<b>1,344</b>
Leadership	406	388	351	0	0	0
Skilled technicians	3,472	3,153	2,884	9	17	18
Support staff and teams	10,952	10,441	8,235	567	1,059	1,326

<sup>1</sup> Part-time: less than 200 working hours.

**EMPLOYEES WHO LEFT THE COMPANY BY GENDER AND AGE GROUP<sup>1</sup>**  
**GRI 401-1 | SDG 5.1, 8.5, 8.6, 10.3**

	Men			Women		
	2022	2021	2020	2022	2021	2020
<b>By age range (no.)</b>	<b>996</b>	<b>983</b>	<b>718</b>	<b>245</b>	<b>197</b>	<b>179</b>
Up to 30	279	225	165	70	59	74
31 to 50	586	522	437	147	109	97
Over 51	131	236	116	28	29	8
<b>By age group (%)</b>	<b>8 %</b>	<b>8 %</b>	<b>7 %</b>	<b>8 %</b>	<b>7 %</b>	<b>8 %</b>
Up to 30	9.5 %	7.1 %	5.8 %	7.3 %	6.8 %	10.4 %
31 to 50	6.7 %	6.2 %	6.3 %	7.9 %	6.4 %	6.8 %
Over 51	17.4 %	30.9 %	15.4 %	21.2 %	22.0 %	6.5 %

<sup>1</sup> Percentage of workforce at year-end, by employee category.



## INTERNS BY REGION (No.)

GRI 2-7 | SDG 8.5, 10-3

2022

North	0
Midwest	60
Northeast	311
Southeast	153
South	0

## AVERAGE LENGTH OF SERVICE (No.)

	2022	2021	2020
Men	7.19	6.91	7.30
Women	6.81	7.00	7.50
Average workforce age	37.01	36.19	36.01

## TURNOVER BY CATEGORY AND RACE (%)<sup>1</sup>

GRI 2-7 | SDG 8.5, 10-3

2022

White	9.3
Asian	7.8
Black	7.7
Mixed race	7.3
Indigenous	2.9
Senior Leadership <sup>2</sup>	6.2
Junior Manager <sup>3</sup>	7.6
Senior Manager <sup>4</sup>	8.4

<sup>1</sup> The data differ from the consolidated data for ESG targets

<sup>2</sup> Senior Leadership: Executive Officers

<sup>3</sup> Senior Managers: Managers

<sup>4</sup> Junior Managers: Supervisors and Middle Managers

## HEALTH & SAFETY TRAINING (%)

GRI EU18 | ODS 8.8

2022

Participation in health and safety training – Employees (no.)	13,803
Participation in health and safety training – Employees (%)	89.6 %
Participation in health and safety training – Contractors (no.)	10,506
Participation in health and safety training – Contractors (%)	33.0 %
Health and safety training – Number of courses	2,876
Health and safety training – Total training hours – Employees	268,946
Health and safety training – Total training hours – Contractors	580,290



**HUMAN RIGHTS REPORTS OR COMPLAINTS**

GRI 406, 407, 408, 409, 410, 411, 412

	2022	2021	2020
Number of human rights-related reports received in the year <sup>1</sup>	1	0	0

<sup>1</sup> In 2022 a labor complaint was filed by a former employee of a contractor against that company and Neoenergia Elektro for subsidiary liability. Among other issues, the former employee claimed that he had suffered degrading conditions in the housing where he stayed for two months, alleging that this housing/home did not have the necessary infrastructure. The company decided to settle, ending any labor affiliation and the legal relationship between the parties. No claim for failure to comply may be brought as the merits of the issue have yet to be decided (the case has not yet gone to trial). The case has been archived and Neoenergia Elektro no longer has any contractual bond to this service provider.

**SUPPLIERS WITH ENVIRONMENTAL MANAGEMENT SYSTEMS**

GRI 308 EG

	2022	2021	2020
Volume billed by suppliers with a certified environmental management system (R\$ thousand)	245,212	146,099	160,125
Suppliers with a certified environmental management system (%)	73.2	66.8	57.7
Number of significant suppliers located in areas with water stress (no.)	0	0	0
Spending on suppliers located in areas with water stress (R\$)	0	0	0

**SOCIAL FINES AND SANCTIONS**

GRI 2-27 | SDG 16.3

	2022	2021	2020
Total number of significant instances of non-compliance with laws and regulations for which fines were incurred in the year <sup>1</sup>	1	NA	NA
Number of fines for noncompliance with laws and regulations that were incurred and paid in the year <sup>1</sup>	3	NA	NA
Number of fines for noncompliance with laws and regulations that were incurred in previous years and paid in the current year <sup>1</sup>	3	NA	NA
Monetary value of fines for noncompliance with laws and regulations that were incurred and paid in the year <sup>1</sup> (R\$ thousand)	620	NA	NA
Monetary value of fines for noncompliance with laws and regulations that were incurred in previous years and paid in the current year <sup>1</sup> (R\$ thousand)	1,237	NA	NA
Number of non-monetary, administrative or judicial sanctions for noncompliance with laws or regulations related to antitrust or other matters, excluding those related to the environment and power distribution and trading activities <sup>1</sup>	0	NA	NA

<sup>1</sup> Data not available for 2020 and 2021, as information was then not compiled to this level of detail.



**LABOR FINES AND SANCTIONS**

GRI 2-27 | SDG 16.3

	2022	2021	2020
Number of fines incurred and paid in the reporting period <sup>1</sup>	38	NA	NA
Monetary value of fines for noncompliance with laws and regulations that were incurred and paid in the reporting period (R\$ thousand)	361	93	13,048
Number of fines incurred in previous years and paid in the current reporting period <sup>1</sup>	9	NA	NA
Monetary value of fines for noncompliance with laws and regulations that were incurred in previous years and paid in the current reporting period	37	NA	NA
Total monetary value of fines paid in the period (R\$ thousand)	398	93	13,048
Number of cases submitted for arbitration <sup>1</sup>	0	0	NA
Number of labor-related fines	38	15	9
Number of complaints received in the year	1,929	1,007	1,845
Number of complaints resolved in the year	152	74	35
Number of complaints from previous years that were resolved in the current year	1,470	1,168	1,072
Non-monetary sanctions	0	0	0

<sup>1</sup> Data not available for 2020 and 2021, as information was then not compiled to this level of detail.

**FINES FOR OTHER REASONS – PRODUCT**

GRI 2-27 | SDG 16.3

	2022	2021	2020
Total number of significant instances of non-compliance with laws and regulations for which fines were incurred in the year <sup>1</sup>	66	NA	NA
Number of fines for noncompliance with laws and regulations that were incurred and paid in the year <sup>1</sup>	7	NA	NA
Monetary value of fines for noncompliance with laws and regulations that were incurred and paid in the current year (R\$ thousand) <sup>1</sup>	25	NA	NA
Monetary value of fines for noncompliance with laws and regulations that were incurred in previous years and paid in the current year (R\$ thousand) <sup>1</sup>	3,836	NA	NA
Number of fines for noncompliance with laws and regulations that were incurred in previous years and paid in the current year <sup>1</sup>	18	NA	NA
Total monetary value of fines paid in the period (R\$ thousand)	3,860	182	178,891
Number of incidents of noncompliance with laws and regulations concerning power distribution and trading activities for which non-monetary sanctions were incurred <sup>2</sup>	0	3	0

<sup>1</sup> Data not available for 2020 and 2021, as information was then not compiled to this level of detail.

**FINES AND SANCTIONS RELATED TO POWER DISTRIBUTION AND TRADING**

**HEALTH AND SAFETY**

GRI 2-27 | SDG 16.3

	2022	2021	2020
Number of fines for noncompliance with laws and regulations that were incurred and paid in the year	0	0	0
Number of fines for noncompliance with laws and regulations that were incurred in previous years and paid in the current year	0	0	0
Monetary value of fines for noncompliance with laws and regulations that were incurred and paid in the year	0	0	0
Monetary value of fines for noncompliance with laws and regulations that were incurred in previous years and paid in the current year	0	0	0



**CUSTOMER HEALTH AND SAFETY (No.)**

**GRI 416-2, EU25 | SDG 16.3**

	2022	2021	2020
Number of incidents of non-compliance with regulations concerning customer health and safety resulting in a fine or penalty (GRI 416-2)	0	0	0
Number of reports concerning electromagnetic fields received in the year (GRI 416-2)	0	0	0
Annual number of legal cases (resolved and pending) related to incidents or accidents involving people outside the company at the company's facilities (GRI EU25)	80	97	75

**CUSTOMER INFORMATION**

**GRI 417-2 | SDG 16.3**

	2022	2021	2020
Number of fines for noncompliance with laws and regulations that were incurred and paid in the year	0	0	0
Number of fines for noncompliance with laws and regulations that were incurred in previous years and paid in the current year	0	0	0
Monetary value of fines for noncompliance with laws and regulations that were incurred and paid in the year	0	0	0
Monetary value of fines for noncompliance with laws and regulations that were incurred in previous years and paid in the current year	0	0	0
Number of incidents of non-compliance with regulations concerning customer information resulting in a fine or penalty	0	0	0

**TIME TO DISCONNECT CUSTOMERS FOR NONPAYMENT (No.)**

**GRI EU27 | SDG 1.4, 7.1**

	2022	2021	2020
Less than 48 hours	975,361	860,392	755,348
48 hours to 1 week	141,847	148,968	117,778
1 week to 1 month	201,814	206,197	162,100
1 month to 1 year	172,546	196,706	129,890
More than 1 year	44	15	91
Pending and not classified	0	0	0
<b>Total</b>	<b>1,491,612</b>	<b>1,412,278</b>	<b>1,165,207</b>

**RESIDENTIAL RECONNECTIONS FOLLOWING PAYMENT OF UNPAID BILLS (No.)**

**GRI EU27 | SDG 1.4, 7.1**

	2022	2021	2020
Less than 24 h after payment	1,290,892	1,101,405	967,833
Between 24 h and one week after payment	183,871	181,233	108,919
More than one week after payment	77,568	88,746	96,792
Unclassified	0	0	0
<b>Total</b>	<b>1,552,331</b>	<b>1,371,384</b>	<b>1,173,544</b>

## 7.2 Governance bodies

### BOARD OF DIRECTOR

#### Chairman

José Ignacio Sánchez Galán

#### Holders

José Sainz Armada

Daniel Alcaín López

Mario José Ruiz-Tagle Larrain

Pedro Azagra Blazquez

Santiago Matias Martínez Garrido

Eduardo Capelastegui Saiz

Denísio Augusto Liberato Delfino

Márcio de Souza

Ênio Mathias Ferreira

Juan Manuel Eguiagaray Ucelay

Marina Freitas Gonçalves de Araújo Grossi

Cristiano Frederico Ruschmann

#### Substitutes

Jesús Martínez Perez

Alejandro Román Arroyo

Mônica Grau Domene

Tomas Enrique Guijarro Rojas

Miguel Gallardo Corrales

Justo Garzón Ortega

João Ernesto de Lima Mesquita

Lauro Sander

Ana Maria Gati

### AUDIT COMMITTEE

#### President

Juan Manuel Eguiagaray Ucelay

#### Holders

Marina Freitas Gonçalves de Araújo Grossi

Cristiano Ruschmann

Daniel Alcaín López

Ênio Mathias Ferreira

#### Substitutes

Mônica Grau Domene

Denísio Augusto Liberato Delfino





## FINANCIAL COMMITTEE

### President

Jesús Martínez Pérez

### Holders

Pedro Azagra Blazquez

Justo Garzón Ortega

Ivan Luiz Modesto Schara

Cristiano Ruschmann

### Substitutes

Juan Bosco Lopez Aranguren

Miguel Gallardo Corrales

Cristina González-Alemán Calleja

Vitor Vallim Tupper

## RELATED PARTIES COMMITTEE

### President

Juan Manuel Eguiagaray Ucelay

### Holders

Cristiano Frederico Ruschmann

Ângela Aparecida Seixas

## COMPENSATION AND SUCCESSION COMMITTEE

### President

José Sainz Armada

### Holders

Jose Ángel Marra Rodrigues

Santiago Matias Martínez Garrido

Márcio de Souza

Marina Freitas Gonçalves de Araújo Grossi

### Substitutes

Fabricia Abreu

Armando Ugarriza Capdevilla

Cristina González-Alemán Calleja

Caroline Guarnieri de Paula do Nascimento

## SUSTAINABILITY COMMITTEE

### President

Marina Freitas Gonçalves de Araújo Grossi

### Holders

Roberto Fernandez Albendea

Gonzalo Saenz de Miera Cárdenas

Cristina Gonzalez - Aleman Calleja

Denísio Augusto Liberato Delfino

**Substitutes**

Marina Amigo Romero  
Marta Martínez Sánchez  
Justo Garzón Ortega  
Carla Kling Henaut

**SUPERVISORY BOARD****President**

Francesco Gaudio

**Holders**

Eduardo Valdés Sanchez  
João Guilherme Lamenza  
Marcos Tadeu de Siqueira  
Manuel Jeremias Leite Caldas

**Substitutes**

José Antonio Lamenza  
Glaucia Janice Nietsche  
Antonio Carlos Lopes  
Paulo Cesar Simplicio da Silva  
Eduardo Azevedo do Valle

**EXECUTIVE BOARD**

Eduardo Capelastegui Saiz – CEO  
Leonardo Pimenta Gadelha – EXECUTIVE DIRECTOR – FINANCIAL AND INVESTOR RELATIONS  
Solange Maria Pinto Ribeiro – VICE-PRESIDENT OF REGULATION, INSTITUTIONAL AND SUSTAINABILITY  
Lara Cristina Ribeiro Piau Marques – EXECUTIVE DIRECTOR – LEGAL  
Carlos Henrique Quadros Choqueta – EXECUTIVE DIRECTOR – DEVELOPMENT  
Rogério Aschermann Martins – EXECUTIVE DIRECTOR – RESOURCES  
Fulvio da Silva Marcondes Machado – EXECUTIVE DIRECTOR – NETWORKS  
Laura Cristina da Fonseca Porto – EXECUTIVE DIRECTOR – RENEWABLE  
Giancarlo Vassão de Souza – EXECUTIVE DIRECTOR – OPERATIONS  
Juliano Pansanato de Souza – EXECUTIVE DIRECTOR – PATRIMONIAL CONTROL AND PLANNING  
Hugo Renato Anacleto Nunes – EXECUTIVE DIRECTOR OF LIBERALIZED BUSINESS



## 7.3 Credits

**General Coordination, GRI and SASB content and Aneel indicators**  
Innovation, Sustainability and Climate Change Superintendence

**Analysis of disclosures and content production**  
Editora Contadino

**Assurance**  
KPMG

**Translate**  
LatAm Translations

**Photo**  
Neoenergia Collection

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