



COPEL MATERIALITY
REPORT
2021-2022

INTRODUCTION

The studies of the Copel 2021 Materiality Process were conducted by the Superintendence of Governance and Sustainability (SGS), subordinated to the Governance, Risk and Compliance Office (DRC), with the support of the specialized consultancy firm *Visão Sustentável*. The studies are correlated to the guidelines of the Strategic Planning 2022 - 2026 and to the Company's Risk Portfolio.

The Materiality Process aims to identify the issues that most impact the Company's ability to generate value, considering the view of stakeholders, in order to prioritize the issues for each business segment.

The material themes are the basis for the preparation of the content of Copel's sustainability reports (Integrated Report and the Socio-environmental Reports of Copel Distribuição and Copel Geração e Transmissão), since they represent the impacts of the Company's operations on the economy, the environment and society, following the guidelines of the international Global Reporting Initiative (GRI Standards) and the structure for integrated reporting of the International Integrated Reporting Council (IIRC), in accordance with the best governance practices.

Materiality subsidizes decision making and guides the ESG strategy, which permeates management and the most relevant processes for Copel and allows for the identification of risks and opportunities, which may directly influence the financial results. In addition, it is considered a good market practice, being analyzed by sustainability assessments and investors.

Copel conducts the materiality process every two years, simultaneously with the strategic planning process, as well as an annual review to ensure the relevance and timeliness of the topics, considering the global and local context.

METHODOLOGY

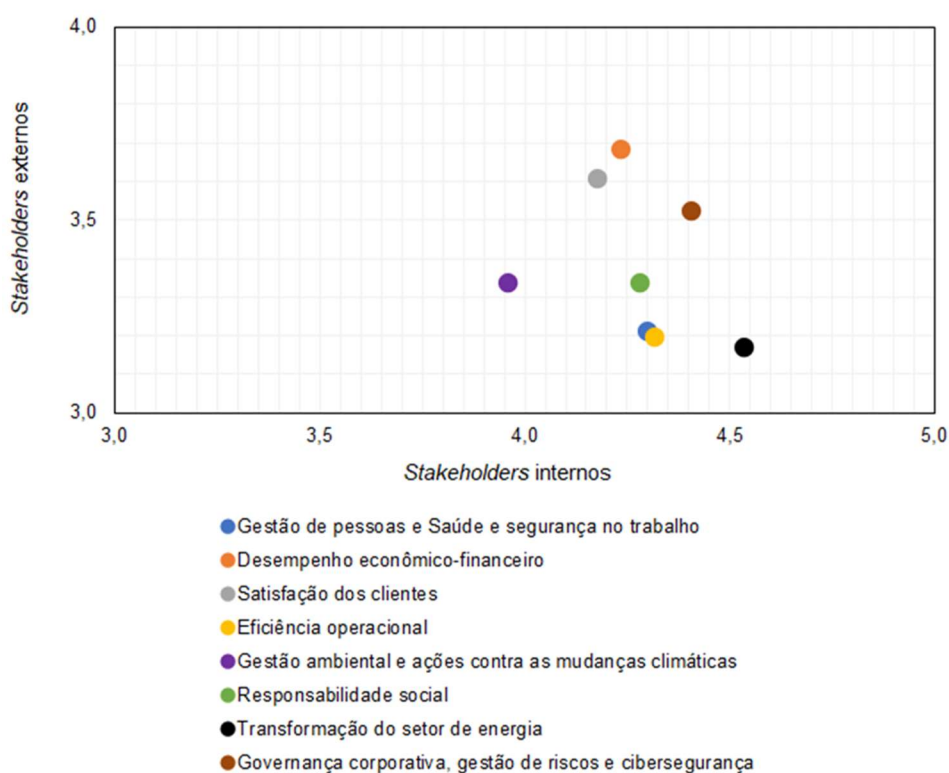
The study of the Copel Materiality Process 2021-2022 considered the Company's characteristics, the commitments undertaken, legal obligations and the context of the Brazilian electricity sector, and was carried out in well-defined stages, namely:

- Review of Copel's material themes of the 2020 cycle;
- Assessment of the relevant themes for the sector, according to sustainability performance assessments, as well as ESG standards and guidelines;
- Analysis of the materiality of national and international peers;
- Copel's corporate documents (Strategic Planning, Risk Portfolio, Corporate Policies, etc.);
- Sensitive topics, according to media study;
- Positive and negative impacts of the Company's operations, according to severity and probability;
- Research with stakeholders to prioritize the themes of each business segment;
- Modulation of the results and grouping of the themes by dimension and subject;
- Analysis of the results of the studies by the wholly-owned subsidiaries; and
- Analysis and approval by Copel's top management (Executive Board, Sustainable Development Committee and Board of Directors).

COPEL MATERIAL TOPICS

The result of the materiality process carried out in 2021 identified eight material corporate themes that represent all the Company's businesses according to the specifics of each segment, as follows:

- Economic-Financial Performance
- Operational Efficiency
- Environmental Management and Actions against Climate Change
- People Management and Occupational Health and Safety
- Corporate Governance, Risk Management and Cybersecurity
- Social Responsibility
- Customer Satisfaction
- Energy Sector Transformation



DESCRIPTION OF THE MATERIAL SUBJECTS

ECONOMIC-FINANCIAL PERFORMANCE

In defining its corporate strategy, Copel establishes its objectives, as well as the means to be used and the path to be taken to make them feasible. The [economic-financial performance](#) is directly related to this viability, as it reflects the Company's financial health and the degree of success obtained with the capital invested, thus allowing the interested parties to assess the use of resources, including business efficiency, and the factors that influenced it.

For top management, performance guides decision making and the necessary improvements to generate and maintain efficiency. The results obtained in each cycle direct the application or raising of funds; impact on the capacity to maintain and expand the business; demonstrate the need to continue or review strategies for efficiency of manageable costs; and influence the decisions of investors and shareholders.

This material theme represents Copel's economic and financial results, such as investments, costs, profit, etc.

To describe the performance of this material theme Copel uses the following indicators:

| Economic-Financial Performance | |
|--------------------------------------|--|
| GRI 102: GENERAL DISCLOSURES | |
| 102-6 | Market served |
| 102-7 | Scale of the organization |
| 102-9 | Supply chain |
| 102-10 | Significant changes to the organization and its supply chain |
| GRI 103: MANAGEMENT APPROUCH | |
| 103-1 | Explanation of the material topic and its boundary |
| 103-2 | The management approach and its components |
| 103-3 | Evaluation of the management approach |
| GRI 201: ECONOMIC PERFORMANCE | |
| 201-1 | Direct economic value generated and distributed |
| 201-3 | Defined benefit plan obligations and othe retirement plans |
| 201-4 | Financial assistance received from government |

OPERATIONAL EFFICIENCY

Copel's businesses are regulated by the National Agency of Electrical Energy (Aneel), which requires standards of [operating efficiency](#) for the generators, transmitters and distributors of electrical energy. The concession contracts of these businesses have operational performance indicators linked to the maintenance of the concessions, i.e., for each business the Company must achieve minimum performance, and in case of lower performance it may receive fines, and even lose the concession of the business.

In addition to regulatory issues, the expansion of the free market and increased competition require the optimization of production processes based on sustainable development, aiming at better financial performance, lower consumption of natural resources, alternative renewable sources and customer satisfaction.

Copel's integral subsidiaries, which represent the businesses related to electric energy, promote the management of the operational efficiency of their businesses by monitoring the operation quality indicators common to the electric sector and implementing measures to maintain and improve the quality standard of these services. Specific investment programs related directly to the performance indicators are carried out, as well as investment in research, development and innovation, considering the transformation of the energy sector in Brazil and in the world.

This material theme presents the specific indicators of the electricity sector, which include reliability and availability of assets, losses in the provision of services, etc.

To describe the performance of this material theme Copel uses the following indicators:

| Operational Efficiency | |
|--|--|
| GRI 103: MANAGEMENT APPROUCH | |
| 103-1 | Explanation of the material topic and its boundary |
| 103-2 | The management approach and its components |
| 103-3 | Evaluation of the management approach |
| SECTOR DISCLOSURES – ELECTRIC UTILITIES (G4-EU) | |
| EU-2 | Net energy |
| EU-6 | Short and long-term electricity availability and reliability |
| EU-7 | Demand-side management programs |
| EU-8 | Research and Development |
| EU-10 | Planned Capacity |
| EU-11 | Average Generation Efficiency of Thermal Plants |
| EU-12 | Transmission and Distribution Losses |
| EU-28 | Power outage frequency |
| EU-29 | Average power outage duration |
| EU-30 | Average Plant Availability Factor |

ENVIRONMENTAL MANAGEMENT AND ACTIONS AGAINST CLIMATE CHANGE

[Environmental management](#) at Copel is based on the identification of risks, impacts and opportunities, proposing improvements, as well as setting goals that help compose indicators for integrated management.

For each new undertaking, environmental studies are conducted as part of the licensing process, with a frequency that varies according to the complexity of the work. The results are the basis for specific programs, which, in addition to having a mitigating and compensatory character.

The company's environmental guidelines, applicable to its businesses and suppliers, were built based on the concepts of eco-efficiency, preservation of biodiversity, and the reduction of greenhouse gas emissions, and advocate the development of projects that make appropriate use of natural resources and allow the dissemination of good practices and company values.

Climate Change

Copel, aligned with the principles of the Global Compact and engaged with the best sustainability practices, recognizes the effects of [climate change](#), managing its greenhouse gas emissions, seeking low emission alternatives, as well as adapting to the effects of climate change.

The Company stimulates research, development and innovation, seeking solutions that contemplate the adaptation to climate change and the reduction of emissions in the operation and expansion of its business.

To grow sustainably and in line with the discussions about the challenges related to climate change, Copel has increased investments in alternative sources of energy generation.

Copel incorporates climate change into its risk analysis and financial assessment of opportunities, maintaining its energy matrix predominantly from renewable sources and developing low-carbon technologies and energy efficiency and conservation projects.

As part of the climate change management, Copel periodically monitors its emissions, making an annual inventory of greenhouse gases, which is verified by a third party; follows the governmental movements on carbon pricing; assesses the climate risks of new investments and analyzes measures to adapt the business to the impacts of climate change.

The Carbon Neutrality Plan, launched in 2021, aims to neutralize greenhouse gas emissions (GHG) by 2030 for the assets over which Copel has operational control, through the reduction and compensation of residual emissions. The monitoring of the goals and action plan is part of the scope of work of the Sustainable Development Committee (CDS), an advisory body to the Board of Directors.

Environmental Compliance

Copel is concerned with controlling the impacts of the construction and operation of its undertakings, in order to mitigate the negative socio-environmental impacts and potentiate the positive ones, carrying out a robust management of its [licensing](#), relying on a risk management methodology and monitoring performance indicators.

The licensing process aims at obtaining and maintaining all the authorizations and licenses that allow the implantation and operation of the enterprises and facilities.

The environmental and archeological licensing is carried out by a multidisciplinary team formed by professionals from the environmental area, who work in cooperation with the professionals from the areas involved, from the conception and implementation of the project, and throughout the operation of the enterprise.

In line with the best governance practices in the market, Copel seeks to constantly improve its processes and accredit them with the competent entities, in order to give transparency and credibility to its corporate management model.

To this end, it seeks to implement external and internal certifications, both for the Company's processes and to evaluate its suppliers, ensuring the reliability and safety of the entire supply chain and of the services provided to society, as well as attesting to its commitment to integrity and diligence before shareholders and investors.

Ecoefficiency

The management of natural resources (water, energy and soil) is fundamental for the sustainability of Copel's business, which has as its main guidelines in its relationship with the environment, the promotion of [eco-efficiency](#) in all processes, aiming at the reduction of consumption and the

sustainable use of natural resources and ecosystem services; the mitigation of negative impacts and maximization of positive impacts on its activities and business; as well as the consideration of climate change impacts in the operation and expansion of assets.

Water Management

Copel has a close relationship with the environment, especially with the [water](#) used in the process of energy generation. The non-consumptive use of water (ensuring the same quantity and quality) contributes to the water security of the multiple uses of this resource, since the storage of water in the reservoir promotes the regularization of river flows.

Copel maintains a hydrological monitoring network in the hydrographic basins with hydroelectric plants in operation. This network is composed of several hydrological stations, where data is collected, such as the water level of rivers and reservoirs, and rainfall information.

Copel carries out periodic monitoring of the water quality in all its reservoirs, analyzing more than 25 physical, chemical and biological parameters, in addition to qualitative and quantitative monitoring of the local phytoplankton.

In addition, the Permanent Preservation Areas (APP) around the reservoirs provide retention of sediments and impurities that would be carried to the river beds, thus avoiding damage to the quality of the water, aquatic fauna and biodiversity.

Waste Management

Copel has a [waste management](#) process that aims to promote the correct management of solid waste, from its generation to its final destination; to prevent negative environmental impacts and maximize positive ones, in compliance with legal requirements and the environmental licensing conditions of the projects.

The main residues generated in the company's operations are: copper and aluminum cables, concrete posts and crossbeams, ceramic insulators, unserviceable equipment (transformers, voltage regulators, circuit breakers and similar), batteries, insulating mineral oil and pruning residues.

The residues generated in the implementation of new undertakings are managed by the company contracted for the execution of the work. In these cases, Copel requires the presentation and approval of the Management Plan for Civil Construction Waste (PGRCC) and, at the end of the work, the presentation of the management report, proving the execution of the plan and compiling the transportation manifests, final destination certificates and environmental licenses.

In the administrative activities, the organic residues and rejects are destined by means of composting, contracting or municipal collection, and the recyclable residues are donated to recycling cooperatives, by means of the Solidary Selective Collection program.

The destination of the residues generated by the company is carried out giving priority to the reuse and recycling processes, as recommended by the National Policy for Solid Residues.

For the residues that present some characteristic that represents a risk to public health and the environment, the final disposal is carried out by contracted companies that prove technical qualification and environmental licensing.

Biodiversity

In the scope of Copel's activities, the most significant impacts on [biodiversity](#) result from the modification of the environments where the implementation and operation of its power generation and transmission projects take place.

Because of this, the environmental studies carried out in the various stages of environmental licensing include the characterization and monitoring of changes in the fauna and flora in the area where the undertaking will be located, which often consist of areas that have been little explored scientifically. Based on this, environmental programs and measures are defined that seek to avoid impacts, reduce their intensity, or compensate for them.

Environmental Management of the Supply Chain

[Supply chain management](#) is an important pillar of corporate responsibility regarding environmental, social and governance dimensions. Through strategies and contractual requirements, Copel improves the management of its production chain and optimizes resources for the benefit of the community, as well as to incorporate into internal and external relationships values that enhance citizenship, dialogue between the parties, ethics and transparency.

The risks related to the environment involve non-compliance with environmental legislation, inadequate origin of inputs and deficiency in waste treatment. Copel seeks to mitigate these risks by determining strict contracting rules, reaffirming its commitment to sustainable development.

As a mixed economy company, Copel is subject to Federal Law 13.303/16 and the Internal Regulation of Bidding and Contracts, which restrict supplier selection actions. However, in addition to the legal obligations, the company adopts, as main criteria in the selection of suppliers, compliance with the labor legislation and respect for human rights, fiscal suitability, and environmental commitment.

The criteria are defined in the bidding notices, contractual clauses, supplier registration manuals and in the Code of Conduct, in addition to the technical standards and manuals permanently available to interested parties on the organization's website.

To describe the performance of this material theme Copel uses the following indicators:

| Environmental Management and Actions Against Climate Change | |
|---|--|
| GRI 103: MANAGEMENT APPROUCH | |
| 103-1 | Explanation of the material topic and its boundary |
| 103-2 | The management approach and its components |
| 103-3 | Evaluation of the management approach |
| GRI 201: ECONOMIC PERFORMANCE | |
| 201-2 | Financial implications and other risks and opportunities due to climate change |
| GRI 301: MATERIALS | |
| 301-1 | Materials used |
| 301-2 | Recycled input materials used |
| GRI 302: ENERGY | |
| 302-1 | Energy consumption within the organization |

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|--|---|
| 302-2 | Energy consumption outside of the organization |
| 302-3 | Energy intensity |
| 302-4 | Reduction of energy consumption |
| 302-5 | Reductions in energy requirements of products and services |
| GRI 303: WATER AND EFFLUENTS | |
| 303-1 | Interactions with water as a shared resource |
| 303-2 | Management of water discharge-related impacts |
| 303-3 | Water withdrawal |
| 303-4 | Water discharge |
| 303-5 | Water consumption |
| SASB: WATER MANAGEMENT | |
| IF-EU-140a.3 | Description of water management risks and discussion of strategies and practices to mitigate those risks |
| GRI 304: BIODIVERSITY | |
| 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas |
| 304-2 | Significant impacts of activities, products, and services on biodiversity |
| 304-3 | Habitats protected or restored |
| 304-4 | IUCN Red List species and national conservation lists species with habitats in areas affected by operations |
| SECTOR DISCLOSURES – ELECTRIC UTILITIES (G4-EU) | |
| EU13 | Biodiversity of offset habitats compared to the biodiversity of the affected areas |
| GRI 305: EMISSIONS | |
| 305-1 | Direct (Scope 1) GHG emissions |
| 305-2 | Energy indirect (Scope 2) GHG emissions |
| 305-3 | Other indirect (Scope 3) GHG emissions |
| 305-4 | GHG emissions intensity |
| 305-5 | Reduction of GHG emissions |
| 305-6 | Emissions of ozone-depleting substances (ODS) |
| 305-7 | Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions |
| GRI 306: WASTE | |
| 306-1 | Waste generation and significant waste-related impacts |
| 306-2 | Management of significant waste-related impacts |
| 306-3 | Waste generated |
| 306-4 | Waste diverted from disposal |
| 306-5 | Waste directed to disposal |
| GRI 308: SUPPLIER ENVIRONMENTAL COMPLIANCE | |
| 308-1 | New suppliers that were screened using environmental criteria |
| 308-2 | Negative environmental impacts in the supply chain and actions taken |

GRI 307: ENVIRONMENTAL COMPLIANCE

| | |
|-------|--|
| 307-1 | Non-compliance with environmental laws and regulations |
|-------|--|

PEOPLE MANAGEMENT AND OCCUPATIONAL HEALTH AND SAFETY

Copel's People Management Policy states that employees are the Company's most valuable resources, as their qualification, dedication and engagement are essential for the success of the business. The document also establishes the guidelines for effective management practices for all the companies of the Copel Group.

Copel's [people management](#) is based on the principle of equality and equal opportunities to all professionals, from the moment they are hired through public examinations, offering equal conditions to all candidates.

The Company generates value by investing in professional development and raising individual productivity, focusing on business sustainability and increased competitiveness. At the same time, it practices meritocracy and recognition for its professionals, through programs related to the Career and Remuneration Structure and to complementary benefits.

Occupational Health and Safety

[Occupational Health and Safety](#) is present in Copel's Strategic Reference Framework, specifically defined as one of the Company's values. Based on this premise, it seeks to ensure a healthy work environment in which employees and managers collaborate in a process of continuous improvement in the protection and promotion of safety, health and well-being for all.

In this way, all employees and managers develop, along with their usual activities, a routine of care with safety, to ensure that no service is performed outside the existing procedures in the Company. This is reflected in the continuous improvement of programs and processes related to this theme.

Considering that Copel is composed of wholly-owned subsidiaries and that these have different characteristics of activities, with their own Specialized Service in Safety Engineering and Occupational Medicine (SESMT), in addition to the corporate programs and campaigns, there are actions aimed at the specificities of each company.

Corporatively, the Policies, Standards, Procedures and some actions and programs apply to the whole company, such as, for example, the Occupational Health and Safety Guides for contractors, the Risk Hunt Program, and the Quanto Vale a Sua Vida (How Much is Your Life Worth) behavioral campaigns.

Labor Practices

As it is a mixed economy company, in which the majority shareholder is the government of the State of Paraná, admission to the [workforce](#) is by public tender.

Copel's careers and their respective [remunerations](#) are established in the document Career and Remuneration Structure, based on market practices for the position, function and level of education and qualification. The benefits and short term variable remuneration are established in the Collective Bargaining Agreement, held annually between the unions and Copel.

The remuneration, recognition and incentive practices are based on the remuneration model structured by the Company, supported by two pillars: fixed remuneration (market comparison and

merit) and variable with the Performance Bonus - PPD, implemented in 2020 and the Employees' Participation in Profits and/or Results - PLR.

The human resources area is responsible for managing this process, which aims to identify positions and functions required for the development of the Company's activities; to define the training required to perform the activities of each position and function; to establish levels of maturity and complexity of the positions and functions to meet the demand of the jobs; to establish rules for functional (vertical) and salary (horizontal) movement of the employees; and to highlight opportunities for growth and development in careers.

All of Copel's employees are represented in labor relations with the Company by independent unions, which, in accordance with the Brazilian legislation, may organize themselves by category and territorial base (municipality).

The benefits package offered by Copel to its employees exceeds that defined by law, and is compatible with that of companies that are a reference in people management. This package is granted to all employees, regardless of their work load.

Through Fundação Copel, Copel offers a complementary pension plan that allows employees to build up a financial reserve fund during their professional life. For each regular contribution, the Company contributes the same amount.

Human Capital Development

Copel's people management strategy is to encourage and promote the education and development of its employees, relying on a qualified professional body and allowing everyone to exercise their potential in an environment that is favorable to the development of their skills and the evolution of their career.

The Company promotes several educational actions, from basic training to post-graduate courses and research development. These actions are organized into: corporate programs, training for formation (aimed at basic training for the exercise of the function), mandatory training (courses aimed at specific activities), training for professional improvement, events (seminars, lectures, workshops, congresses, etc.), and research and development projects.

The [Corporate Education](#) model is going through a remodeling process, seeking a synergic and cooperative performance of the Corporate University and the training areas of the wholly-owned subsidiaries, focusing on business competitiveness and profitability. In this model, one of the structural premises refers to the organization of the Corporate University into schools and pillars that effectively translate the Company's strategic competencies and reposition them with a focus on the development of professionals.

Diversity

Copel adopts several initiatives to promote [diversity](#) of gender, race/color, age, religion and sexual orientation, as well as the inclusion of disabled people, migrants and refugees, creating an inclusive and collaborative work environment. Moreover, it disseminates and encourages these actions within the chain of suppliers, partners and outsourced companies.

The adoption of the social name at Copel is a way for people to use the identity with which they identify. To make them feel comfortable in their work environment, the employee can choose to use their social name on their name tag, e-mail and internal telephone guide.

This action contributes to significant cultural advances in the internal environment related to gender issues, an issue addressed in the scope of the corporate diversity program, and reinforces Copel's commitment to respect Human Rights.

Outsourcing Management

The [supply chain management](#) includes the management of third parties, and the outsourced professionals of all service contracts must follow, in addition to the policy guidelines, the Occupational Health and Safety Manual.

Contractually, outsourced companies must apply the guidelines set out in the Guide to Occupational Health and Safety Guidelines for Contractors and demonstrate satisfactory performance in managing the health and safety of their employees.

Before they start their activities, outsourced employees undergo integration training, in which the risks and precautions related to health and safety for the execution of their tasks are addressed.

Additionally, for risky activities, certificates of completion of mandatory training, as provided by the Regulatory Norms of the Ministry of Labor and Employment, carried out by external entities, are required.

Social Supply Chain Management

[Supply chain management](#) is an important pillar of corporate responsibility regarding environmental, social and governance dimensions. Through strategies and contractual requirements, Copel improves the management of its production chain and optimizes resources for the benefit of the community, to incorporate into internal and external relationships values that enhance citizenship, dialogue between the parties, ethics and transparency.

Among the risks related to the supply chain, we highlight: accidents with employees; accidents or damages to the population; installations and precarious work conditions.

Especially in the economic-social dimension, there are risks related to Copel's economic-financial dependence, legal obligations, tax, social and labor charges, and salaries and additional payments.

As it is a mixed economy company, Copel is subject to Federal Law 13.303/16 and the Internal Regulations for Bidding and Contracts, which restrict supplier selection actions. However, in addition to the legal obligations, the Company adopts, as main criteria in the selection of suppliers, compliance with labor legislation and respect for human rights, fiscal good standing and environmental commitment.

The criteria are defined in the bidding notices, contractual clauses, supplier registration manuals and in the Code of Conduct, in addition to the technical standards and manuals permanently available to interested parties on the organization's website.

To describe the performance of this material theme Copel uses the following indicators:

| PEOPLE MANAGEMENT AND OCCUPATIONAL HEALTH AND SAFETY | |
|--|--|
| GRI 103: MANAGEMENT APPROUCH | |
| 103-1 | Explanation of the material topic and its boundary |
| 103-2 | The management approach and its components |
| 103-3 | Evaluation of the management approach |
| GRI 401: EMPLOYMENT | |
| 401-1 | New employee hires and employee turnover |

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|--|--|
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees |
| 401-3 | Parental leave |
| GRI 402: LABOR MANAGEMENT RELATIONS | |
| 402-1 | Minimum notice periods regarding operational changes |
| GRI 403: OCCUPATIONAL HEALTH AND SAFETY | |
| 403-1 | Occupational health and safety management system |
| 403-2 | Hazard identification, risk assessment, and incident investigation |
| 403-3 | Occupational health services |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety |
| 403-5 | Worker training on occupational health and safety |
| 403-6 | Promotion of worker health |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships |
| 403-8 | Workers covered by an occupational health and safety management system |
| 403-9 | Work-related injuries |
| 403-10 | Work-related ill health |
| SECTOR DISCLOSURES – ELECTRIC UTILITIES (G4-EU) | |
| EU16 | Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors |
| EU18 | Percentage of contractor and subcontractor employees that have undergone relevant health and safety training |
| EU25 | Number of injuries and fatalities to the public involving company assets |
| GRI 404: TRAINING AND EDUCATION | |
| 404-1 | Average hours of training per year per employee |
| 404-2 | Programs for upgrading employee skills and transition assistance programs |
| 404-3 | Percentage of employees receiving regular performance and career development reviews |
| GRI 405: DIVERSITY AND EQUAL OPPORTUNITY | |
| 405-1 | Diversity of governance bodies and employees |
| 405-2 | Ratio of basic salary and remuneration of women to men |
| GRI 406: NON DISCRIMINATION | |
| 406-1 | Incidents of discrimination and corrective actions taken |
| GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING | |
| 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk |
| SECTOR DISCLOSURES – ELECTRIC UTILITIES (G4-EU) | |
| EU-14 | Programs and processes to ensure the availability of a skilled workforce |
| EU-15 | Percentage of employees eligible to retire |

CORPORATE GOVERNANCE, RISK MANAGEMENT, AND CYBERSECURITY

According to the Brazilian Institute of Corporate Governance - IBGC, corporate governance is "the system by which companies and other organizations are directed, monitored and encouraged, involving the relationships between partners, board of directors, executive board, inspection and control bodies and other interested parties".

For Copel, [Corporate Governance](#) is considered a material issue and an indispensable condition for business continuity, as it subsidizes rational decision-making and enables the mitigation of financial and reputational risks with the interested parties, mainly in the relationship with its shareholders.

This topic covers the principles that guide the governance model; the structure and composition of the Company's governance; the practices and mechanisms that ensure the effectiveness and quality of this governance; the way the compliance process is carried out and its performance; the integrated management of corporate risks; the issues related to the regulatory environment, among others.

Corporate Governance Practices

Governance practices are objective recommendations for the direction of management processes and mechanisms, based on corporate governance principles, with the purpose of ensuring viable economic performance, business continuity, strategic positioning and value generation for stakeholders.

Copel's governance practices are based on the principles of transparency, equity, accountability and corporate responsibility, in addition to the Company's values, as set forth in the Code of Conduct. Among the governance practices, the following stand out: integrated reporting, corporate policies, by-laws and regulations; allocation of results; channels for dialogue and denunciations; independence of directors; performance evaluations and adequate remuneration; and integrity actions.

Ethics, Transparency and Integrity

The Company's [Integrity](#) actions are based on the values that govern Copel's Code of Conduct and on the principle of transparency that underpins corporate governance. Compliance is made possible by internal controls conducted by different areas of the governance structure in order to ensure independence, probity and risk mitigation.

Risk Management

Risk management aims to contribute to strengthening the corporate governance process, increasing certainty as to the achievement of objectives, promoting greater transparency for the interested parties and improving the Company's internal control environment.

Copel's [integrated management of corporate risks](#) is conducted with a view to reducing the negative externalities of business and operations, as well as increasing the positive ones by considering the various capitals (financial, manufactured, intellectual, human, social, environmental, reputational, etc.) in the short, medium and long terms, adding and preserving value.

In addition, it seeks to minimize losses by identifying opportunities and threats; meet international standards and relevant legal and regulatory requirements; improve operational effectiveness and efficiency; and enhance crisis or incident management.

Regulatory Environment

Copel is a public utility company and operates in highly regulated markets, which require special attention from the Company in order to monitor and promote continuous adaptation to changes in the guidelines and policies aimed at the electricity sector, with the objective of always being within the law, and prepared for future movements and transformation of the sector.

The participation of the Company's specialists in sector associations and in public hearings on [regulatory issues](#) is one of the indicators that show the influence on the decisions and planning of the sector's regulatory framework. Another aspect addressed in this process, intrinsically linked to ESG principles, is the company's compliance with environmental and social legislation, since the company's operations are related to strict socio-environmental licensing processes.

Cybersecurity

Copel has a set of strategies, policies, technologies, processes and tools designed and periodically updated that prevent access or malicious attacks to servers and systems with the purpose of ensuring confidentiality, availability, integrity, authenticity and responsibility over the authorship of content, preserving the confidence and peace of mind of stakeholders.

Moreover, the availability of all this information in the cloud so that work can be done remotely requires that the security systems are always reviewed to ensure continuity, as well as the updating of defense mechanisms against malicious attacks, technical failures, human error, among others.

Copel keeps up with the constant and frequent technological evolutions and, for this reason, [information security](#) has always been aligned to the Company's strategy and risk management, in which security management is carried out by a specialized area and monitored by top management.

To describe the performance of this material theme Copel uses the following indicators:

| Corporate Governance, Risk Management and Cybersecurity | |
|---|---|
| GRI 102: ORGANIZATIONAL PROFILE | |
| 102-12 | External initiatives |
| 102-13 | Membership of associations |
| GRI 102: STRATEGY | |
| 102-11 | Precautionary Principle or approach |
| 102-15 | Key impacts, risks, and opportunities |
| 102-30 | Effectiveness of risk management processes |
| GRI 102: ETHICS AND INTEGRITY | |
| 102-16 | Values, principles, standards, and norms of behavior |
| 102-17 | Mechanisms for advice and concerns about ethics |
| GRI 102: GOVERNANCE | |
| 102-18 | Governance structure |
| 102-19 | Delegating authority |
| 102-20 | Executive-level responsibility for economic, environmental, and social topics |
| 102-21 | Consulting stakeholders on economic, environmental, and social topics |
| 102-22 | Composition of the highest governance body and its committees |

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| 102-23 | Chair of the highest governance body |
| 102-24 | Nominating and selecting the highest governance body |
| 102-25 | Conflicts of interest |
| 102-26 | Role of highest governance body in setting purpose, values, and strategy |
| 102-27 | Collective knowledge of highest governance body |
| 102-28 | Evaluating the highest governance body's performance |
| 102-29 | Identifying and managing economic, environmental, and social impacts |
| 102-31 | Review of economic, environmental, and social topics |
| 102-32 | Highest governance body's role in sustainability reporting |
| 102-33 | Communicating critical concerns |
| 102-34 | Nature and total number of critical concerns |
| 102-35 | Remuneration policies |
| 102-36 | Process for determining remuneration |
| 102-37 | Stakeholders' involvement in remuneration |
| 102-38 | Annual total compensation ratio |
| 102-39 | Percentage increase in annual total compensation ratio |
| GRI 103: MANAGEMENT APPROACH | |
| 103-1 | Explanation of the material topic and its boundary |
| 103-2 | The management approach and its components |
| 103-3 | Evaluation of the management approach |
| GRI 201: ECONOMIC PERFORMANCE | |
| 201-2 | Financial implications and other risks and opportunities due to climate change |
| GRI 205: ANTI-CORRUPTION | |
| 205-1 | Operations assessed for risks related to corruption |
| 205-2 | Communication and training about anti-corruption policies and procedures |
| 205-3 | Confirmed incidents of corruption and actions taken |
| GRI 206: ANTI-COMPETITIVE BEHAVIOR | |
| 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices |
| GRI 415: PUBLIC POLICY | |
| 415-1 | Political contributions |
| GRI 418: CUSTOMER PRIVACY | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data |
| GRI 419: SOCIOECONOMIC COMPLIANCE | |
| 419-1 | Non-compliance with laws and regulations in the social and economic area |

SOCIAL RESPONSIBILITY

Ethical socio-environmental performance is a commitment of Copel, which guides its activities by the concept of [social responsibility](#).

Copel considers the expectations of stakeholders in its decisions and seeks alternatives that promote social well-being in accordance with legislation, international norms of behavior and development agendas recognized worldwide, such as Agenda 2030 of the United Nations World Organization - UN, which establishes 17 objectives and 169 goals to achieve sustainable development.

Communities

Copel has generation and transmission assets in different locations in Brazil, for which it pays special attention to the [socioeconomic and cultural](#) components of the region.

In the implementation and operation phases of the undertakings, the negative impacts of the facilities are duly identified and evaluated during the previous socio-environmental studies phase, in order to be controlled, mitigated and/or compensated in the subsequent phases.

The company also develops engagement actions with the local community and social responsibility projects.

In addition to excellence in the provision of power generation, transmission and distribution services, Copel plays a fundamental role in Paraná society, presenting itself as a catalyzing agent for good social and corporate practices.

To meet the demand for energy of traditional communities (quilombolas and indigenous) located in environmental conservation units or other areas where it is not feasible to implement the distribution network, Copel develops projects for new energy connections, with the installation of photovoltaic panels, guidance on the efficient use of electricity, and also performs the registration of indigenous communities in the Social Tariff for Electric Energy.

Social Investment

Copel makes [Social Investments](#) through fiscal incentives, the Copel Sustainability Award (Susie Pontarolli Trophy) and philanthropic actions, structured to meet social or environmental crisis situations, aiming at promoting sustainable development in all dimensions of the sustainability concept - social, environmental, economic and cultural.

Copel promotes financial support to projects, events and activities that are initiated by third parties, with preference to those that fall under laws that support tax exemption, of a cultural, social-environmental, sports, educational, technical-scientific, innovative or strategic nature.

The support is granted in return for publicity that generates recognition of Copel's performance, adds value to the brand and expands the relationship with the company's stakeholders.

Citizenship and Philanthropy

In the realm of [philanthropy](#), Copel, aware of its capacity of protagonism, acts in partnership with the Government of the State of Paraná in favor of human dignity and aligned with the principles of the Global Compact and the Sustainable Development Goals of the United Nations.

Besides the actions that facilitate the donation of customers in favor of charities, the Company also acts to reduce impacts to the population in crisis situations, as in the case of the Covid-19 pandemic.

Human Rights

Copel, committed to respecting [Human Rights](#) and aligned with the UN Guiding Principles on Business and Human Rights, understands that it is its responsibility to respect the rights guaranteed by the Federal Constitution and the Universal Declaration of Human Rights, in addition to preventing and mitigating violations that may occur within its sphere of influence.

In this sense, Copel provides a series of related guidelines in its norms, promotes actions with its stakeholders and produces specific materials, according to the risks and opportunities it identifies. The Company is also represented in the Human Rights Work Group of the Global Compact Network Brazil, which allows for the sharing of experiences with other companies and keeps it updated in relation to the best Sustainability practices.

To ensure due attention to the topic, Copel has maintained its Human Rights Program since 2018. Through it, the company has already experienced important advances.

In April 2020, the Company took an important step by launching its Human Rights Policy, which formalizes the guidelines to prevent, mitigate and repair violations that may occur in the Company, in its production chain or in impacted communities. Based on the policy and on a proprietary methodology for the identification of human rights risks, developments are foreseen in the company's various areas of activity.

To describe the performance of this material theme, Copel uses the following indicators:

| SOCIAL RESPONSIBILITY | |
|---|--|
| GRI 103: MANAGEMENT APPROUCH | |
| 103-1 | Explanation of the material topic and its boundary |
| 103-2 | The management approach and its components |
| 103-3 | Evaluation of the management approach |
| GRI 202: MARKET PRESENCE | |
| 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage |
| 202-2 | Proportion of senior management hired from the local community |
| GRI 203: INDIRECT ECONOMIC IMPACTS | |
| 203-1 | Infrastructure investments and services supported |
| 203-2 | Significant indirect economic impacts |
| GRI 204: PROCUREMENT PRACTICES | |
| 204-1 | Proportion of spending on local suppliers |
| GRI 408: CHILD LABOR | |
| 408-1 | Operations and suppliers at significant risk for incidents of child labor |
| GRI 409: FORCED OR COMPULSORY LABOR | |
| 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor |
| GRI 411: RIGHTS OF INDIGENOUS PEOPLE | |
| 411-1 | Incidents of violations involving rights of indigenous peoples |
| GRI 412: HUMAN RIGHTS ASSESSMENT | |

| | |
|--|--|
| 412-1 | Operations that have been subject to human rights reviews or impact assessments |
| 412-2 | Employee training on human rights policies or procedures |
| 412-3 | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening |
| GRI 413: LOCAL COMMUNITIES | |
| 413-1 | Operations with local community engagement, impact assessments, and development programs |
| 413-2 | Operations with significant actual and potential negative impacts on local communities |
| GRI 414: SUPPLIER SOCIAL ASSESSMENT | |
| 414-1 | New suppliers that were screened using social criteria |
| 414-2 | Negative social impacts in the supply chain and actions taken |
| SECTOR DISCLOSURES – ELECTRIC UTILITIES (G4-EU) | |
| EU-19 | Stakeholder participation in decision making processes related to energy planning and infrastructure development |
| EU-20 | Approach to managing the impacts of displacement |
| EU-21 | Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans |
| EU-22 | Approach to managing the impacts of displacement |

CUSTOMER SATISFACTION

[Customers'](#) perception of Copel is monitored by means of surveys conducted systematically, through consultations with residential, industrial, rural and government customers.

For residential customers, there are two annual surveys - one coordinated by the Brazilian Association of Electricity Distributors (Abradee), applied in the first half of the year, and another by the National Agency of Electric Energy (Aneel), in the second half. The requirements extracted from the surveys are dealt with by the permanent commission on customer satisfaction.

Besides the national recognition, Copel is also among the best distributors in Latin America and the Caribbean, according to the customer evaluation promoted by the Comisión de Integración Energética Regional (Cier).

The Company also controls the complaints filed at Aneel and monitors the indicators that measure Copel's performance through the Management Commitments.

Copel Mercado Livre became, in 2021, the largest energy trader in Brazil according to the ranking of the Câmara de Comercialização de Energia Elétrica (CCEE), demonstrating the credibility of the subsidiary with the market.

To describe the performance of this material theme Copel uses the following indicators:

| | |
|-------------------------------------|--|
| CUSTOMER SATISFACTION | |
| GRI 103: MANAGEMENT APPROUCH | |
| 103-1 | Explanation of the material topic and its boundary |
| 103-2 | The management approach and its components |
| 103-3 | Evaluation of the management approach |

SECTOR DISCLOSURES – ELECTRIC UTILITIES (G4-EU)

| | |
|-------|---|
| EU-3 | Number of Customers |
| EU-23 | Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services |
| EU-24 | Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services |
| EU-26 | Percentage of population unserved in licensed distribution or service areas |
| EU-27 | Number of residential disconnections for non-payment |

TRANSFORMATION OF THE ENERGY SECTOR

Opportunities in Renewable Energy

Copel, in line with the Sustainable Development Goals - SDGs, has as a guideline of its corporate strategy the supply of clean and accessible [energy](#), expanding investments in renewable sources, as well as ensuring sustainable development and the generation of value for all stakeholders.

Therefore, the Company has a predominantly clean energy generation matrix and prioritizes participation in new renewable energy businesses, aiming for continuity and quality of supply, providing economic growth and quality of life for all Brazilians.

Copel has expressed interest in the analysis and development of business opportunities in energy generation from biomass (sugarcane bagasse, forestry, agro-industry waste) and biogas (agricultural and cattle ranching waste, agro-industrial waste, MSW), and has worked on solar photovoltaic plants through partnerships, with a team dedicated to prospecting and developing this type of business, under the distributed generation regime.

Modernization of the Electricity Sector

The electricity sector has experienced paradigm shifts and advances in business models, especially due to new technologies, automation, consumer relations, and in the face of the paradox between increasing demand and reducing the environmental and social impacts caused by energy production.

In 2019, the Ministry of Mines and Energy (MME), through MME Ordinance No. 187, established a working group to study the modernization of the Brazilian electricity sector, whose [final report](#) pointed to the integrated treatment of various topics, among which we highlight: market environment and mechanisms to enable the expansion of the electricity system; price formation mechanisms; rationalization of charges and subsidies; energy reallocation mechanism; allocation of costs and risks; insertion of new technologies; and sustainability of distribution services.

The markets for generation, transmission, distribution and commercialization of energy, which used to have very well defined players, are moving towards decentralization and the opening of the relationship between customers and companies in the sector, accelerated by distributed generation, a trend in Brazil and a reality in Europe.

Allied to the interaction changes in production and consumption, the disruptive innovation of the advancement of technology has enabled the digitalization and improvement of processes of energy efficiency, operation and conscious consumption.

Finally, the decarbonization of the energy sector, besides being a commitment, is among the demands of the final consumer of all supply chains and one of the main criteria in the choice of suppliers of products and services.

In this sense, energy companies tend to disinvest in units based on fossil fuels, mainly diesel and coal, and expand investment in wind, solar, biogas and biomass plants, while maintaining a portion of thermoelectric plants (natural gas) in their generation park, supporting the continuity of supply in crisis situations.

New Services related to Electricity

Sustainable development and the growing concern for sustainability have caused a major transformation of the energy sector. The substitution of fossil fuels by other less polluting and renewable sources is growing: electric vehicles are gaining more space in production lines, requiring the expansion of the network of electropumps to supply them.

The generation model close to the customer contributes to energy efficiency, since it significantly reduces energy transmission and distribution losses, contributing to the mitigation of environmental and social impacts. The installation and maintenance of small generating plants (solar, wind, hydro, biogas, etc.) and residential and commercial batteries, which are spreading both in the city and in the countryside, are new business opportunities for companies in the energy sector.

Innovation

At Copel, [innovation](#) is no longer a matter only for the research and development areas and is now stimulated in all of the Company's processes, which implemented the open innovation program with startups, Copel Volt, whose objective is to take advantage of the synergy of ecosystems and the agility of such companies in the development of innovative projects aligned with Copel's strategy and with the potential to generate value for stakeholders.

In addition, Copel maintains areas dedicated to research and development with actions aimed at improving processes related to the electricity sector, as regulated by Aneel.

Digitization and Cybersecurity

The trend towards digitalization of administrative processes was accelerated by the need for isolation and social distancing during the Covid-19 pandemic and is amplified with digital transformation and the convergence of information technology with the operation areas, through remote data capture of the generating units, transmission lines and distribution equipment, as well as smart meters, ensuring grid reliability and flexibility and improving customer satisfaction.

Given this, information security (cybersecurity, data protection, etc.) becomes even more relevant within the corporate management aspects if we consider the integration of product and service data, operation, customer service and satisfaction, and availability of employee access, which demands the development of specific skills to handle the information.

Eventual failures of the [information technology security](#) system may put at risk not only strategic and operational data of the organization, but also sensitive personal data of customers, whose secrecy and inviolability are provided for in Law No. 13,709/2018, General Law of Data Protection (LGPD), which establishes strict penalties for violators.

Copel has a set of strategies, policies, technologies, processes and tools designed and periodically updated that prevent access or malicious attacks to servers and systems with the purpose of ensuring confidentiality, availability, integrity, authenticity and responsibility over the authorship of content, preserving the trust and peace of mind of stakeholders.

Moreover, the availability of all this information in the cloud so that work can be done remotely requires that the security systems are always reviewed to ensure continuity, as well as the updating of defense mechanisms against malicious attacks, technical failures, human error, among others.

Copel keeps up with the constant and frequent technological evolutions and, for this reason, information security has always been aligned to the Company's strategy and risk management, in which security management is carried out by a specialized area and monitored by top management.

To describe the performance of this material theme Copel uses the following indicators:

| TRANSFORMATION OF THE ENERGY SECTOR | |
|-------------------------------------|--|
| GRI 103: MANAGEMENT APPROUCH | |
| 103-1 | Explanation of the material topic and its boundary |
| 103-2 | The management approach and its components |
| 103-3 | Evaluation of the management approach |

MATERIAL ISSUES OF WHOLLY-OWNED SUBSIDIARIES

Companhia Paranaense de Energia - Copel conducts the materiality process contemplating the characteristics of each of its businesses, incorporating the material themes for each Subsidiary in accordance with the specificity of its performance in the electric power sector.

The objective is to strengthen the management of the material issues since the corporate performance depends on the performance of each Subsidiary. The Company's material issues are influenced in different ways and intensities, according to the type of the Company's business (generation, transmission, distribution and commercialization).

Thus, the description of each material theme is the same for the corporate analysis and for the individual analysis of each Wholly-owned Subsidiary, respecting the way each business operates.

COPEL COMERCIALIZAÇÃO S.A.:

- Economic-Financial Performance
- Operational Efficiency
- People Management and Occupational Health and Safety
- Corporate Governance, Risk Management and Cybersecurity
- Customer Satisfaction
- Energy Sector Transformation

COPEL DISTRIBUIÇÃO S.A.:

- Economic-Financial Performance
- Operational Efficiency
- Environmental Management and Actions against Climate Change
- People Management and Occupational Health and Safety
- Corporate Governance, Risk Management and Cybersecurity

- Social Responsibility
- Customer Satisfaction
- Energy Sector Transformation

COPEL GERAÇÃO E TRANSMISSÃO S.A.:

- Economic-Financial Performance
- Operational Efficiency
- Environmental Management and Actions against Climate Change
- People Management and Occupational Health and Safety
- Corporate Governance, Risk Management and Cybersecurity
- Social Responsibility
- Energy Sector Transformation

SUSTAINABILITY DEVELOPMENT GOALS (SDG)

In July 2000, Copel was the first company in the Brazilian electricity sector to join the UN Global Compact, which aims to bring together the efforts of countries, companies, institutions and civil society in pursuit of sustainable development, with a comprehensive agenda on issues related to ESG principles.

Since 2015, with the advent of Agenda 2030, composed of 17 [Sustainable Development Goals](#) (SDGs) and their 169 targets, the Company has worked to assist in the dissemination and achievement of the established goals.

For Copel, each SDG has value and correspondence with the business, to a greater or lesser extent, given the premise that they are intrinsically linked to each other.

To assist the approach and direct the actions towards the SDGs, however, Copel uses the prioritization performed by the Global Compact Network Brazil in the studies disclosed in the documents Integration of the SDGs in the Brazilian Electric Sector and Integration of the SDGs in the Brazilian Electric Sector: indicators and goals.

The process for the elaboration of these documents had the participation of a specialist from the Company. The studies identified five priority SDGs for the Brazilian Electricity Sector, to which the impact of the sector's business activities adds greater returns to the achievement of their targets.

The priority SDGs are:

| | | |
|---|---|--|
|  |  | Energia acessível e limpa: Assegurar o acesso confiável, sustentável, moderno e a preço acessível a energia para todos. |
|  |  | Trabalho decente e crescimento econômico: Promover o crescimento econômico sustentado, inclusivo e sustentável, o emprego pleno e produtivo e o trabalho decente para todos. |
|  |  | Indústria, inovação e infraestrutura: Construir infraestrutura resilientes, promover a industrialização inclusiva e sustentável e fomentar a inovação. |
|  |  | Cidades e comunidades sustentáveis: Tornar as cidades e os assentamentos humanos inclusivos, seguros, resilientes e sustentáveis. |
|  |  | Ação contra a mudança global do clima: Tomar medidas urgentes para combater a mudança do clima e seus impactos. |